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PRICE MANIPULATION OF THE WHOLESALE ENERGY MARKET

OPERATION AND MAINTENANCE

OF GENERATION FACILITIES

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CHAIRMAN DUNN: Okay. Why don't we get started. Again, my apologies to everyone who have been, as I said, patiently or impatiently waiting for us to begin this morning in what is either our fifth or sixth, I think we have lost count, of our hearings.

Very briefly. We will not have a hearing next week or the week of July 4th, but we will be back into having hearings, in all probability, the week immediately following July 4th.

I want to make a note at this point regarding numerous calls that I have received about whether, in fact, today the generator involved will have an opportunity to respond. And the answer today is no, but the July hearings we expect to be dedicated to the presentations by the various market participants so that they will have that opportunity relatively quickly.

So why don't we begin. But before we do that, I want to acknowledge the presence of, although I think he just stepped outside. Keith, is he out there? I want to acknowledge the presence of Lieutenant Governor Cruz Bustamonte. And I want to extend a giant thank you for all of his efforts in assisting this investigation committee.

I also want to acknowledge the presence of Assemblywoman Barbara Matthews, who is sitting here as

well, who has been in assistance also.

Today we are joined on the committee, committee members Senator Wesley Chesbro, Senator Debra Bowen, Senator Bill Morrow. We have a guest appearance by Senator Steve Peace, who is walking up now. And so without anything further, let us begin.

We have three witnesses that will be testifying today. I ask that all three come forward at the same time. We'll get you settled in and we'll have Mr. Pratt take care of the responsibilities at that point.

MR. PRATT: Would you please stand. Would you please stand and state your names for the record.

MR. EDWARDS: My name is Edmond George Edwards, Jr.

MR. PINGEL: I'm Steven Pingel representing the three witnesses today.

MR. JOHNSON: My name is Glenn D. Johnson.

MR. OLKJER: My name is Jimmy Leroy Olkjer.

MR. PRATT: Raise your right arm.

[Thereupon the witnesses, Ed Edwards, Glenn Johnson and Jimmy Olkjer swore to tell the truth, the whole truth, and nothing but the truth.]

MR. PRATT: You may be seated.

CHAIRMAN DUNN: Thank you gentlemen for being here today. Thank you, Mr. Pingel, we think. We'll see

as we progress with respect to the presence of the three gentlemen's counsel.

We're going to begin with Mr. Edwards. We're then going to turn to Mr. Johnson and finally finish with, and help me with the pronunciation; is it Olkjer?

MR. OLKJER: Olkjer.

CHAIRMAN DUNN: Silent J?

MR. OLKJER: Silent J and L.

CHAIRMAN DUNN: Okay. Great. Thank you very much, sir. That's the order that we're going to do the witnesses.

I have specific questions for each of the witnesses that I will go through and then certainly open it up to any questions that the other committee members may have as well.

So Mr. Edwards, let's begin with you. Are you ready?

MR. EDWARDS: I believe so.

EXAMINATION

BY CHAIRMAN DUNN: Okay. Great.

Q. Mr. Edwards, let's start with a little bit of your background before we get into what brings you here today. Can you give us a little bit about your background. Let's start with the personal side.

A. Personal side, I'm married. I have four children. I'm currently attending school. I worked for San Diego Gas & Electric. I hired in on 5-21-79 and my last day of work was April 20th, 2001.

Q. Okay.

A. I worked at the Duke facility for the last two years of my employment.

Q. Okay. Mr. Edwards, can you bring that microphone real close to you. Unfortunately, you need to be very close to it so that everybody has the ability to hear you.

A. Okay.

Q. Particularly in the back of the room we have a lot of folks that for some reason or another have interest in the hearing today and we want to make sure everybody in the room is able to hear you, Mr. Edwards.

A. Okay.

Q. Are you currently employed, Mr. Edwards?

A. No, I am not.

Q. Okay. You're attending you said studies?

A. School. Kelsey-Jenny College.

Q. What are you studying there?

A. Network engineering.

Q. What's network engineering?

A. Computer network engineering.

Q. Understood. Understood.

But you are no longer employed by SDG&E?

A. No, I am not.

Q. Were you at any time an actual employee of Duke?

A. No.

Q. Okay. That may be confusing to some individuals. Can you explain the interrelationship between SDG&E and Duke as far as your understanding with respect to that plant?

A. In approximately April of 1999, Duke Energy took acquisition of the South Bay Power Plant. From April of 1999 to April of 2001, they were the leading or controlling entity at the South Bay facility.

That time period was considered an O & M contract, overhaul and maintenance, where we continued to do overhaul and maintenance and operations of the facility based on the instruction of Duke management.

Q. Okay. Let's go back to the beginning when you began your employment with SDG&E. I believe you mentioned it was in 1979?

A. Correct.

Q. Okay. Walk us through the various positions you held with SDG&E throughout your employment.

A. Started there again in 1979. I worked in their

mail room for approximately a year, a little over a year. I transferred from their mail room to generation facility. I worked in a generation facility as a helper for about a year or so.

I progressed from helper to apprentice power plant mechanic. I went through a three-year apprenticeship of which I completed and then was a power plant mechanic through 1996.

In 1996 they had a cross-training program where welding was added to my attributes of skills and they changed the job title from power plant mechanic to certified power plant mechanic and I was a certified -- certified power plant mechanic from 1996 through 2001, separation date.

Q. Okay. And when you say separation date, do you know why you were separated at that point in time?

A. Well, there was an opportunity, I guess, for certain individuals, certainly not myself, where they maintained employment with Sempra Energy or SDG&E which is synonymous and there are other employees that moved on with Duke. I was not hired by SDG&E slash Sempra or by Duke Energy. I had applied to work for Duke Energy, but I was not hired.

Q. Okay. All right. The plant that you worked at was the same plant throughout that time with SDG&E?

A. In my career with SDG&E, I had the opportunity to work at all their facilities, but the only facility right now I guess in question is the South Bay facility and I have over 20 years of experience at that facility.

Q. Okay. And just tell us a little bit about the South Bay facility. What is it? How large is it? Where exactly is it?

A. The plant is located in Chula Vista, California. The address is 990 Bay Boulevard. There are four steam turbines -- four main steam turbines. Unit 1 is approximately 140 megawatts in capacity, or that's net capacity, not gross.

Unit 2 is roughly 150. I believe Unit 3 is in the ballpark of 180 and Unit 4 would be in the ballpark of about 230. Don't quote me on those figures.

Basically 725 megawatts of capacity with the combination of the four units.

Q. Okay. We're going to get back to the specifics of the plant in just a moment.

A. Okay.

Q. I want to do a little more background, if we can, Mr. Edwards.

A. Okay.

Q. Can you tell us briefly what your duties entailed as a mechanic at the South Bay Plant?

A. At the South Bay facility it was my specific occupation to maintain equipment utilizing generation of equipment. There I worked on steam turbines, the boilers, all the auxiliary machinery. I interfaced with operations so that we could do diagnostics on systems or whatever was necessary to maintain the operation and reliability of generation.

Q. Did you at one point or another become an instructor?

A. Yes, I did.

Q. Tell us about that.

A. Oh, it was approximately 1990 they had the training program where we had apprentice mechanics and I was invited into this program where I actually instructed other mechanics as well as teaching apprentice mechanics.

Q. Okay. And I believe there are certain cross-training programs that were available as well, too?

A. Correct. I went through a cross-training program where I became a welder and then there were welders that went through the cross-training program where they learned a trade of being a power plant mechanic and I was their instructor.

Q. Okay. I want to go to the year that the

transition occurred from SDG&E's ownership to Duke's ownership, yet with SDG&E's operation maintenance.

What were you told about that transition before it occurred?

A. I -- be a little bit more specific.

Q. I'll be happy to. Before Duke purchased that plant, Mr. Edwards, were you told anything with what sort of changes, what sort of transition was going to occur from the sale by SDG&E to Duke?

A. Okay, well, I guess it's kind of misleading, but there was one point where SDG&E had told us that they were going to spin off their generation and run it as a separate entity and that the power plants would be acting as a nonregulated utility.

And then at the point of which SDG&E is telling the employees this, lo and behold we hear that Duke Energy, in conjunction with the Port District, had taken acquisition of South Bay facility. So upon them taking acquisition of the facility, there was a change at least in operations as I saw it.

Q. Okay. And we're going to go into that with respect to the change in operations in a minute.

I want to go back to some specifics about the facility itself. You mentioned that there were four main steam turbines, I believe?

A. Correct.
Q. Correct. And they are Units 1 through 4?
A. Correct.
Q. Can you explain a little bit about those turbines to us.
A. Units 1 through 4 are basically considered their main generating units. These are the units that supply power to the grid to be sold into individual businesses and homes. The purpose is, again, for generation. And that's just to be specific about the main steam turbines.
Q. Okay. And what do the main steam turbines burn?
A. They have the capability of burning two types of fuel. They run on natural gas or they run on crude oil or they can burn a combination of both simultaneously.
Q. And the main four turbines usually operate in which fashion?
A. Natural gas.
Q. Natural gas. Okay.
And their total output unit of megawatts is what, Mr. Edwards?
A. Roughly 725 megawatts.
Q. Okay.

A. That's gross capacity of the plant.
Q. Okay. And I understand that Unit 1 has what's referred to as an SCR?
A. Correct.
Q. Can you explain that?
A. SCR is an acronym that stands for selective catalytic reduction and it's basically the analogy of a catalytic converter on a car. What it does is it lowers the amount of emissions put into the air.
Q. Okay. And those would be used in Units 1 through 4?
A. Unit 2 and Unit 3 at the South Bay facility just had SCRs installed. In the fourth quarter of 2000 they installed an SCR in Unit 2. In the first quarter of 2001, Duke specifically installed an SCR on Unit 3. It's my understanding that they have installed low NOX burners on Unit 4 and it's scheduled to possibly have an SCR installed on it in the future.
Q. Okay. I understand in addition to the four units you have described there's also a small gas turbine there as well?
A. That's correct. That's correct.
Q. And what's its capacity?
A. It has the capacity, I guess, of anywhere from 16 to 18 megawatts is my understanding.

Q. Okay. And what sort of fuel does that burn?
A. The gas turbine burns a fuel referred to as JP-5. It's a jet fuel.
Q. Okay. And when is that unit in at least normal day-to-day operations to be used versus the other four?
A. Well, that was the interesting part, but normally the gas turbine over my tenure was ran when the four main steam turbines were at maximum capacity. And it was then that you would see the gas turbine put on line for the ability to peak when necessary.

One of the things that I immediately noticed when Duke took over is that they would run this gas turbine when they in fact did not have units at maximum capacity. They may have units down, other units spinning with the ability to escalate an output, but rather than escalate an output, they would fire the gas turbine.

Q. Okay. As far as the jet fuel is concerned, where did the jet fuel come from to run that unit?
A. Well, I guess originally it was coming from the Lindberg Field or San Diego Airport area and it was my understanding that they were demanding so much fuel that the Port District/San Diego Airport area had basically declined to continue selling them fuel. They were trucking fuel in from the Los Angeles area.

Q. And this was under Duke's ownership?
A. That's correct.
Q. Okay. Not under SDG&E's ownership?
A. That's correct.
Q. Okay. We're going to get back to that in just a minute, Mr. Edwards.

I want to talk about how normally the plant was run prior to Duke's ownership with respect to the four units you mentioned just now. Can you share with us based upon your experience how the various turbines were run in normal day-to-day operations.

A. Well, just reiterating what I had told you previously, it was the norm that the units, the main steam units, Units 1 through 4, would basically carry the demand or need for the consumer. And these units, it was the norm included with SDG&E that they would raise and lower in capacity or swing the units, whatever term you'd like to use, where the output is varied.

Q. Okay. And as you mentioned, the gas turbine was run on a --

A. The gas turbine in the past, as I saw with many years of SDG&E was ran when all four units were at maximum capacity and then and only then did they run the gas turbine.

Q. Okay. And did that change when Duke took over

ownership of the facility?

A. The gas turbine was ran almost daily.

Q. Okay. And was that unusual to you?

A. Very unusual. Specifically, because they may not have units on line or the units that were on line were not at maximum capacity.

Q. Okay. Other than yourself, did others that you worked with express feelings about it being unusual as well?

A. Yes, they did.

Q. Okay. Was this kind of a general perception among the workers of this change that you have testified to?

A. That's correct.

Q. Okay.

A. Not inclusive of the three of us sitting here. There were individuals more so than the three of us sitting here that felt the same thing.

Q. Okay. All right. You mentioned an incident in which, or maybe there was several, my assumption, about Lindberg Field complaining about the amount of use of jet fuel with respect to the gas turbine. Can you explain that in a little more detail, Mr. Edwards?

A. Well, complaining, I guess that would be one word you can use, you know, but the way it was

disseminated to us is that, you know, they were burning so much jet fuel that the airport declined to continue selling the fuel at which they were demanding.

Q. Okay. And when did this occur, are you aware?

A. I would have to say it was really brought to my attention in the year 2000, towards beginning of the year.

Q. And if Lindberg stopped providing the fuel, do you know where they obtained replacement fuel?

A. I don't know where, but I was told that the fuel was being trucked in from the Los Angeles area.

Q. Okay. All right. I want to talk about maintenance now and the difference, if there were any, between maintenance while owned by SDG&E and then after Duke purchased it.

Tell us about maintenance generally when SDG&E owned the facility.

A. Well, SDG&E was pretty cognizant about maintaining the units. One of the things that I guess they prided themself on was reliability. And I understand that, I guess, utilities were rated by reliability and SDG&E, I guess, was in the top 25 utilities when it was a, I guess, utility-owned generator. They were rated in the top 25 in the country. So reliability was extremely important to them

and that the plants were ran efficiently and reliable.
Q. Okay. And tell us about maintenance. Was it on a scheduled basis? How was it done?
A. Maintenance was scheduled. We would receive work orders on a daily basis and you would do routine maintenance. There were periods in which you would have what's called a scheduled outage where a unit may be taken down to do repairs and then you also had, I guess, every 60,000 run hours where they would do a major overhaul on the units and then that process, we would go in and we'd do a major overhaul on the steam turbine. We'd do extensive boiler repairs and we would go in and work on all the auxiliary equipment to maintain continuity and reliability of these units.
Q. Okay. And did you feel the maintenance program as operated under SDG&E's ownership was a good one?
A. For the most part, that's correct.
Q. Okay. And did things change once ownership was taken by Duke?
A. I saw some changes, that's correct.
Q. Okay. And did those -- how did you feel about those changes?
A. Didn't understand them, but that wasn't mine to reason.
Q. Understood. Can you tell us about those

changes. What changed following the purchase of the facility by Duke?

A. Well, there's two situations that I'd like to mention.

First, I'd like to go back to the gas turbine. There was a situation in which it had an excessive oil leak and rather than, you know, the norm under the operation of SDG&E is we didn't really operate machinery when it could possibly have a catastrophic failure or run it into the ground where you would destroy it.

And one of the things that I seen with the way Duke ran the facility is they continued to run this gas turbine with an excessive oil leak and they ran this thing into the ground where they actually destroyed it and that was very unusual to me simply because that gas turbine had been there for so many years and it had routine, scheduled maintenance on it. Although it didn't run frequently, it was maintained so that it would be reliable when necessary.

The other situation that I saw was I was one day apprised of a vibration problem with Unit 4 East boiler feed pump at the South Bay facility. So we were asked to disassemble this fluid drive coupling and the purpose of disassembly was to go in and figure out why this thing had a harmonic vibration.

We tore that piece of equipment down and we were approximately 30 minutes from totally getting it apart to assess what could be causing the damage.

The decision was made rather than completely tear it down, we were to reassemble it and put it back together. So this limited the unit for approximately 18 to 20 hours. We did nothing other than tear it apart and put it back together. No rectifications were made.

Q. Okay. And did this make sense to you?

A. Not at all.

Q. Okay. Was there any explanation ever provided to you?

A. No, there was not.

Q. And this was different than the way you watched maintenance occur under SDG&E's ownership?

A. That's correct.

Q. Okay. Was there anything else that you found different or disturbing in -- once Duke purchased the facility?

A. If you ask me a specific question, sir, I'll tell you the answer to the best of my ability.

Q. What about with respect to inventory?

A. There was a time when I was told to throw away inventory, that's correct.

Q. Okay. Can you explain that in a little more

detail for us?

A. Well, there was a situation one day, as I explained earlier, for giving work orders. Sometimes instead of being given a work order, you were given a task. This particular morning I arrived at work, I was given a task of disposing of some 23-plus pallets that were located in the central storeroom at the South Bay facility.

Upon going into the storeroom and observing the components on the pallet, I went back to the individual that told me to dispose of them. I said, "Are you sure you want this thrown away because there are good components on these pallets."

And I was told, "Don't question. Just do what you were told." I took a forklift and I disposed of these good parts in a dumpster.

Q. Okay. I was going to ask that question, Mr. Edwards. When you say dispose, you mean literally throw it away?

A. Literally threw away.

Q. Okay. Did you ever ask why you were being asked to do that?

A. Many times.

Q. And what was the answer you received?

A. Well, nothing from Duke specifically, but one

analogy was given that they were charged, I guess, inventory tax for these components or parts, whatever you'd like to call them. And by disposing of these parts, they would save on inventory tax. But in turn, there could be situations where you would need parts and they would not be available. So what they would do is they would pay a premium to have parts expedited in.

Q. Okay. I was going to ask you whether this disposing of the inventory, from your perspective as a mechanic, impacted the operation and maintenance of the facility itself?

A. I would speculate and say yes. The components thrown away, again, they were valid, good parts. They may have been in inventory for a while, but nevertheless, when necessary, they would have been available. To say that these parts have or have not been demanded of or for, I can't say. I would speculate and say yes because it was the norm towards the end that parts weren't available and you would have to expedite them in.

Q. Okay. And you experienced this yourself?

A. That's correct.

Q. Okay. All right. Let me talk a little bit about as an employee of the facility was -- how was your treatment once Duke took over ownership of the facility?

A. I would say my personal treatment hadn't changed much.

Q. Okay. All right. Did they provide anything new to the employees, anything different than when you were employed by SDG&E? We've heard about parties and so forth.

A. Oh, yeah, we partied.

Q. Let's get a little more specific. Special counsel just whispered maybe we shouldn't, actually, and fair comment.

MR. PINGEL: Tell us about the parties, Ed.

THE WITNESS: During business hours, during the workday I recall the first party, I guess, Duke Energy provided for us was probably a little after three or four months or so after they had taken acquisition of the plant, and they basically had flown in some of their top brass and they gave us tons of accolades on how well the plant was performing.

The manager, which I don't know if I should mention his name or not, but --

CHAIRMAN DUNN: Q. You may.

A. For the record, Tom Guthrie, which was the acting manager, had referenced that this Duke facility has made more money in the first few months of operation than they forecasted to make in a year and they were

just extremely impressed at the amount of money that this facility was providing them.

Q. Can you tell us approximately when that occurred? When did Mr. Guthrie say that?

A. That was -- that was the first party that they threw, which I'm assuming was three or four months or so right after they took over.

Q. And do you recall when they took over ownership of the facility?

A. That was in April, and again, don't quote me on the date, but for the record, that can be determined exactly when that party was. They put up a tent. They had a caterer, I believe, Beckers out of El Cajon, California, came in and they had a prime rib, roast beef, barbecue, I mean, just, you know --

MR. PINGEL: What year?

THE WITNESS: That would have been, I believe, in 1999.

CHAIRMAN DUNN: Q. Okay. So the purchase of the facility --

A. That was the first party.

Q. Okay. So the purchase of the facility was in 1999, correct?

A. Correct.

Q. Okay. And this was within a few months after

that purchase?

A. Correct.

Q. Okay. You mentioned there -- were there other such parties?

A. Yes, there were.

Q. Okay. Same sort of reasons and statements made?

A. Yes, there were.

Q. Okay. All right. I think you're aware, Mr. Edwards, that oftentimes we're told that one of the big problems with the plants is their age. Can you tell us a little bit about that with respect to the South Bay Plant that you are familiar with?

A. Age is -- in regards to what?

Q. Oftentimes we're told that, you know, the various maintenance problems relate to the age of the facility and that they are down a lot because of the age and so forth. From your perspective inside and as a mechanic who oftentimes has performed maintenance, is that an argument you agree with?

A. No, I don't.

Q. Why?

A. I beg to differ.

Q. Why?

A. Well, as an SDG&E employee, again, we spent

extensive time during these outages I have told about where they had major overhauls. And I'll give you an example. I'll use South Bay 1 as this example.

You have a steam turbine rotor which, I guess, the unit is roughly 40 years old. But although the physical rotor may be 40 years of age, one of the processes that they do during a major overhaul is they do a rotor bore inspection. This is a process in which they go in and they inspect the rotor for cracks.

Upon this inspection, it assesses or determines the condition of the rotor. They reblade these rotors and essentially once you have rebladed this rotor which is in still good condition, you have a component which will run another 60,000 hours plus. This is the norm.

We spent extensive time during boiler repair where we went in and they had this program which they called life assessment. And they would go in and assess the condition and they would repair components so that they would have the reliability. We replaced turbine rotors. For example, South Bay 2 has a brand new LP turbine rotor in it. These processes were done to increase the life of the plant.

They replaced expansion joints on the turbines. They installed SCRs. There was just major work done by both SDG&E and Duke to insure that these plants would

run when most needed through the summer months and year around with reliability.

Q. I don't want to put words in your mouth, Mr. Edwards. Is it fair to say from what you just said that with the proper maintenance the fact that they may be older plants doesn't impact their ability to run or their life?

A. Not at all. To me, it's an analogy where you take a car enthusiast who's taken a 1930 automobile and completely restored it. This vehicle would drive down the street just as a 2001 will once it's been restored and this has been ongoing. This isn't something that's decayed and, you know, became incapable of being ran. They have ran through the duration and they can run many more years provided they are maintained.

Q. Your analogy was a good one. I think that helped us in our understanding.

I want to go back to you had mentioned about one of the units that had been torn down. I think you spent a lot of hours tearing it down, if I remember correctly.

A. Four East boiler feed pump fluid drive coupling, correct.

Q. Yes. Explain that in a little more detail, exactly what happened, what caused the teardown and when

it was put back together, et cetera.

A. Well, part of their reliability is they have, I guess, what they call conditioning assessment. And they employ an individual who's a vibration analyst. And part of his occupation is he goes in and he monitors the vibration of all the components.

Vibration analysis is just another tool in the industry to help assess what could be going wrong with one of components. And so upon the evaluation, this vibration analyst noticed that they had high a vibration when he ran this fluid drive coupling at a certain RPM factor. And so based on the vibrations that he was seeing, he felt it would be necessary to go in and take a further look at what could be causing this vibration. And just elaborating again, I was part of the crew that went in and removed this fluid drive coupling to evaluate what could be causing the problems.

And upon this evaluation, like I said, we came within 30 minutes of having this thing totally disassembled and they, being the people, management directed I guess by Duke, came to the conclusion that, look, we feel that you have gone far enough into this, put it back together, and I didn't think that was correct at all.

Q. And did you ever receive any explanation why

you were ordered to put it back together when you hadn't diagnosed the problem from your perspective?

A. No.

Q. No explanation?

A. No. Other than put it back together.

Q. Okay. I just have one or two more questions and then I'll turn it over to my colleagues here as well.

You mentioned about the parties. We talked about, I think, it was a three-month party. It's my understanding there was also a one-year party?

A. Uh-huh.

Q. Okay. Did they make any representations to anybody, whether Mr. Guthrie or anyone else, make representation about how they felt at the end of the one-year term of Duke's ownership?

A. They continued to give us accolades and tell us how well that facility was doing. I really thought that this was interesting, this other party towards the end, I guess I would say of our employment. And that again they put up the huge tent and they told us that they were going to serve shrimp and actually had shrimp and they gave us jackets. They provided us with a little memento, a knife and an ink pen and continued to just give everyone accolades on keep up the good job, this

facility is doing excellent.

Q. Did they make any reference about making a certain budget goal?

A. I think they exceeded all their budget goals that they have set.

Q. Did they reference anything about a five-year budget at that one-year party?

A. I heard something to the effect of that they had made more money in one year than they had forecasted to make in five.

Q. Okay. And do you recall who it was that made that representation?

A. Tom Guthrie.

Q. Same individual you mentioned before?

A. (Witness nods head).

CHAIRMAN DUNN: Okay. All right.

Mr. Edwards, I'm going to turn to my colleagues if they have any questions concerning what you have testified to. Senator Bowen.

EXAMINATION

BY SENATOR BOWEN: Q. Thank you. Mr. Edwards, can you tell us what happened with that 4 east unit after you put it back together again?

A. Other than the assembly of the unit, ma'am,

that's all it was. It was completed and then that makes the unit available for 100 percent capacity if they elected to run it at that capacity.

Q. Okay. And if we could go back to the periods of time when you were discussing the running of the turbine that runs on jet fuel.

A. Okay.

Q. You testified that there were times when this turbine was being run even though other units in other -- under SDG&E ownership, other units would have been run at that time, that their other units were either out or they were spinning but not ramped up to maximum capacity. But you also talked about the SCRs being installed. And so my question is whether this incidence of running the jet fuel turbine was just at the period when units were out to have the SCR equipment installed or whether it was over a broader time than that?

A. Well, specifically when you do an outage, you only take one unit down at a time. So, for an example, when they were installing the SCR on Unit 2, Unit 1, Unit 3 and Unit 4 were available. Upon the installation of Unit 3's SCR, Unit 1, Unit 2 and Unit 4 were available. And prior to the installations of the SCRs, or the outages that they had scheduled, all four units

were available and the gas turbine was ran at a point of which all four units were available, but not necessarily on line. There were situations where the unit may be running at a minimum load or somewhere less than their maximum capacity and the gas turbine was fired.

To be specific, for an example, if you had a unit running at 40 megawatts, you have the capability of escalating 40, up 18 and then some, but rather than escalate the capacity of the main steam turbine, they elected to fire the gas turbine. Again, that didn't make any sense to me.

SENATOR BOWEN: Thank you.

CHAIRMAN DUNN: Senator Morrow.

EXAMINATION

BY SENATOR MORROW: Q. Thank you. Mr. Edwards, a couple of questions.

First, since this is immediately on my mind, when you were referring a moment ago to your participation removing the fluid drive coupling and disassembling and assembling it back, I'm sorry, was that -- how many instances in the course of your employment when Duke took over did that occur in terms of tearing something down and building it up again without determining exactly or diagnosing what the

problem was? Was it one incident, two or how many?
A. There was one specific situation that I can give you that I was involved with. I'm certain that there are other people, not necessarily represented here that can give you analogies of situations that happened with them.
Q. Okay. Well, that's what I was trying to clarify.
A. Right.
Q. I wasn't sure if you were talking about two instances with regard to you, just once instance with regard to you.
A. This one instance with South Bay 4 east fluid drive coupling, that was one instance that that happened with me.
Q. Okay. But at least with regard to you and your personal knowledge, one instance of disassembling and assembling the part without any apparent reason, correct?
A. Correct.
Q. Okay. I appreciate your coming here this morning and, obviously, the scrutiny is on everybody here today and everybody is looking. In view of that and don't take my questions at least as being accusatory, but everybody is being subjected to scrutiny

here.

A. Uh-huh.

Q. Can you tell me in terms -- and I have no idea what it is, I'm simply asking, how would you characterize your record of service both with SDG&E and Duke when they took over in terms of your employment record? I don't know if there are employment records, if you have any records of counseling, disciplinary action, evaluations that might be laudatory. How can you describe that?

A. I'll start by setting the record very clear. I was never a Duke employee. My total career was as an SDG&E employee.

And as an SDG&E employee, SDG&E had a term referred to as a case interview. A case interview was a disciplinary process. You had a first stage, I guess, case interview, so on and so forth. Well, I know nothing of this disciplinary process because I was never involved or participated in any type of discipline.

I have a service record that I personally would consider stellar.

I have involved myself at both a working level and administrative level. I have no problems with my career other than one personal issue that stemmed in 1999 of which I elect not to comment on right now.

Q. Okay. So you have not been subject to any disciplinary process in your employment record?
A. No, I have not.
Q. Okay. Going back to the jet fuel turbine. You indicated apparently that was running full-time --
A. Quite often.
Q. -- at least when Duke took over the management.
And during such times as the other units were not operating at capacity or were not operating at all, I guess. Why was that in terms if the other four units weren't operating or weren't operating at capacity, is that because of any repairs, overhauls or any reasons that you could -- could have observed at that time as far as the reasons why they weren't running at capacity?
A. Well, not to sound humorous or rude in any way, but I have made the comment to the different individuals that have posed the same type question and my answer or response is when you find out, please let me know because I'm still trying to find out. It didn't make sense to me.
Again, I guess I have to reiterate, if you have a unit on line, a boiler that's at pressure, a turbine that's up and running and it has the capacity to exceed the 16 or 18, and I don't want to argue the amount of output, whether it's 16 or 18 megawatts, when you have a

unit that's up and running, you know, to me, there is no economic sense or reason to fire a gas turbine if you have a steam turbine spinning that can increase in capacity. There is just no sense to me. But I'm not an economist. I don't work at DETM. That's not my forte. I was a power plant mechanic, but again being in this industry for the amount of time that I have been there, seeing the way it was operated for the period of time that I worked there, it doesn't make sense to me how or why that was done.

Q. Okay. In your position as a power plant mechanic, obviously you know whether or not there was more capacity available. In your position, would you have known if there were -- be it any repairs, overhauls or anything else or any reason why it wasn't running to capacity when it could have been? In your position, would you have known that?

A. To some degree, yes.

Q. What do you mean "to some degree," if you can clarify?

A. Well, my position, you know, let's -- again, I guess I will give you this analogy.

If a unit is impaired or its ability to go to full load is impaired, it's our job to see to it that the rectification is made so that the unit is not

impaired.

So when I say indirect, operations would be the first one to know we have a problem with a system. A work order is generated. That work order goes to a maintenance personnel. Once we come on scene, then it's our job to initiate the repair, rectification, whatever is necessary to get this unit back up. So that's why I mean indirectly.

As far as seeing specifically when this system or turbine or whatever component, you know, degradated where they couldn't get capacity or the unit isn't available, operations is the first to see it.

For example, and I'll stop at this point, a tube leak, that's something that would be the norm. You blow a boiler tube, operation sees that first. By the time I come on scene, this unit has been taken off line. It's been force-cooled. I'm the person that goes in and makes a repair to the boiler tube.

Q. Can you give me an idea, and I may be asking you to generalize to some extent, when you indicate that the other four units or some of them were not operated to capacity when the jet-fueled turbine was running, can you give me a generalization or ball park? I mean, how much were they running to, up to 50 percent, 75 percent or what?

A. That would be a question that operations could give you. I just know that that happened. I know that there were situations where Unit 4 would be available, but not on line.

Q. You mean available, you mean not running at all?

A. I mean a unit is there available to be ran, but it is in fact shut down. It's not on line. The gas turbine could be running at this point. The Unit 4 being available, you know, you guys have records of one specific time frame, I guess, which indicates some of what I'm saying. It would substantiate to be more specific some of what I'm saying.

Q. Okay. Briefly before I walked in here I was handed some materials provided by representatives of Duke Energy.

A. Okay.

Q. And apparently I'm told that they are going to have a press conference and respond to some of the issues and information here today.

And I want to take the opportunity going through some of those and simply -- I have an opportunity -- these folks eventually will be called upon and witnesses at these hearings as well, too, but since you are here, I mean, one of the things that came

to my attention in this was that they are claiming that the jet fuel at that time on which the turbine was running, at least at that point in time the price of jet fuel was substantially less than the cost of natural gas. Now, look, I may be asking you to go outside your knowledge or expertise, but if not, can you comment on that?

MR. PINGEL: If you know, tell us. If you don't know, you don't know.

THE WITNESS: Well, I can speculate.

MR. PINGEL: Don't speculate.

THE WITNESS: Don't speculate, no.

SENATOR MORROW: Okay. That's what I want to know. Okay. I'm not asking you to speculate here.

A. No problem.

Q. Again, let's go to --

A. Excuse me.

Q. Certainly.

A. Go ahead.

Q. Let's go to the incident where you were instructed to get rid of or throw away the inventory.

Exactly what kind of inventory are we talking about in types of parts or what were these materials?

A. Power plant components, mechanical parts, electrical parts, components, spare parts, however you

want to phrase the term. Parts that were valid that could be utilized to continue to repair systems, components, machinery, equipment within the confines of that facility.

Q. Okay. And I think you said that these were on pallets?

A. That's correct.

Q. And so you got on the --

A. Forklift.

Q. -- the forklift and took these pallets.

How many parts are we talking about, approximately?

A. 23 plus.

Q. And how -- what are the size of these pallets?

A. I assume a pallet is four-by-four in dimensions, four feet by four feet in dimension.

Q. So what, you took these and -- and lifted them into the Dipsy dumpster or truck or what?

A. And dumped them.

Q. I'm sorry?

A. And dumped them. I used a forklift. I took these pallets to a dumpster and dumped the pallet in a dumpster.

Q. Okay. And these -- the parts that we're talking about, were they in packaged or unpackaged

crates?
A. Some of them was brand new, packaged. These are not old discarded components. This is brand new stuff that I disposed of.
Q. Brand new unpackaged?
A. Correct.
Q. Not damaged?
A. Correct.
Q. Or obsolete in any way?
A. Correct.
Q. And I'm trying to make sure I understand that. Well, let me -- let me follow up with this question. The parts that you threw away, was there a subsequent reorder of any of those types of parts?
A. I don't work in the storeroom. I don't know.
Q. Okay. If there was, how long, I mean, assuming you don't manufacture those parts right there at the plant and you had to order them from the manufacturer, about how long would that take to do that, if you know?
A. I could give you a situation. When we did South Bay Unit 2, one of my at that time coworkers was working on Unit 2's boiler feed pumps. It was necessary to replace the scoop tube on this particular unit. They needed two scoop tubes. They had one in inventory. They needed an additional one. It took them, if I'm not

mistaken, it was four to five weeks to get the second additional scoop tube necessary to make the rectification to this boiler feed pump. That was for South Bay 2. And that was during an outage where they went and did the SCR installation, so we were also working on that unit during that time. So that's -- that was an analogy of how long it could take. That was for a scoop tube for South Bay 2 boiler feed pump.

Q. Using that analogy, are you aware if any of the parts or components that you threw away included scoop tubes?

A. I don't recall a scoop tube being in that particular inventory that I disposed of, no.

SENATOR MORROW: Thank you, Mr. Edwards.

MR. EDWARDS: You're welcome.

CHAIRMAN DUNN: Okay. Any other questions?

Senator Peace.

EXAMINATION

BY SENATOR PEACE: Q. I just want to go back to Mr. Guthrie's comments and make sure we have firmly established on the record those dates.

You indicated that Mr. Guthrie's first comment which I believe was that the facility had -- had earned enough revenue in the first three months of operation

under its lease agreement with the Port that they had projected to earn in a year; is that the correct comment?

A. Right.

Q. And that comment you indicated was made in April and I wasn't certain as to the year. This is April '99?

A. It was during the first party that they threw in 1999.

Q. The year was 1999. What was the month, approximately?

A. To be specific, I'm saying three to four months. The record would show --

Q. Three to four months after Duke took over operations in terms of its lease, okay.

A. The record would show --

Q. Okay. We can go back and find out. But you're sure it was '99 as opposed to 2000?

A. Correct.

Q. The second party which Mr. Guthrie made another comment which I heard to be that they had --

A. After approximately a year of operation, they had made more revenue than they forecasted to make in five.

CHAIRMAN DUNN: Let me interrupt for just one

second, if I may, Senator Peace. I just want to make sure you understand we've got court reporters. Mr. Edwards, you're doing a great job as far as, you know, not overlapping. Just make sure that Senator Peace finishes his questions so the court reporters can get the question and answer down. Thank you.

SENATOR PEACE: Q. The date again on that as best as you can recall, then, would that be in 2000 or in '99?

A. Excuse me for a minute.

(Conference between the witnesses)

THE WITNESS: 2000.

SENATOR PEACE: Q. And do you recall approximately what month that would be?

A. No, I don't. 2000.

SENATOR PEACE: Okay. Thank you.

CHAIRMAN DUNN: Okay. Any further questions from any of the committee members? I see none. Mr. Edwards, oh, I'm sorry, Mr. Drivon would like to ask a few follow-up questions.

EXAMINATION

BY MR. DRIVON: Q. Mr. Edwards, during the time that you were directly working for San Diego Gas & Electric and before deregulation, you have outlined for

us some of the jobs that you did. Did you during that period of time receive letters of commendation for the work you were doing as a mechanic there?

A. Yes, I have.

Q. And was one of those letters of commendation May the 9th of 1990; do you remember?

A. What -- what does it say?

Q. It says May the 9th of 1990.

A. Okay. Yes.

Q. I'd like to just read the first paragraph.

"I would like to commend employee Edmond G. Edwards for his ability to see beyond the scope of his normal work."

You remember getting that accolade?

A. Yes, I do.

Q. And was -- were there other commendations of a similar nature that were given to you orally?

CHAIRMAN DUNN: Before you answer that, I just have one follow-up. Can you identify who John E. Pangburn is or was?

MR. EDWARDS: John E. Pangburn was a maintenance foreman for San Diego Gas & Electric.

MR. DRIVON: Q. And this commendation letter was put in your official personnel file at the plant?

A. Yes, it should have been.

Q. And on October the 15th, 1993, sir, do you recall getting a letter of appreciation from Dave Mosen?
A. Yes.
Q. And was he the maintenance training specialist for generation services department of San Diego Gas & Electric?
A. That's correct.
Q. Did he say then, "I want to express my thanks to you for the work that you have done over the last several months in support of my training objectives for generation services"?
A. Correct.
Q. "Your hard work and willingness to get involved are a real asset to me and to the department. I think your skill as a trainer has increased dramatically over the past couple of years and the experience that you have gained in that role has been beneficial to you and to our training efforts as well."
A. Correct.
Q. And was that in line with other oral commendations that you had received from Mr. Mosen and others concerning your abilities as a trainer?
A. That's correct.
Q. And your training was in the area of plant maintenance and repair of those generators; is that

correct?
A. Correct.
Q. Including knowing what parts were necessary, what they looked like, and whether they were good or bad?
A. Correct.
Q. And October the 20th of 1994, Mr. Mosen again saying, "I want to say thanks for your help with the past summer's training efforts, your work as an instructor" and goes on. You recall that?
A. Yes, I do.
Q. And you received over the years regular job evaluations?
A. Yes, I did.
Q. Correct?
A. Yes, I did.
Q. And those job evaluations you met or exceeded expectations; is that correct?
A. Yes.
Q. The time to order these parts when they would go down after Duke bought -- bought the plant, you said they would be ordered on an expedited basis. Would some of them come quickly within a day or so?
A. Depends on the component.
Q. What would the range be?

A. Again, I'd have to say, sir, depends on the component. It could come in a day or so. The theory would be something that, you know, is accessible, if they can get in a day or so, that would happen. Sometimes there were components ordered and the example again I'm going to give is the scoop tube for the Unit 2, that was four, five, six weeks waiting period on a scoop tube, thereabouts. It certainly didn't come in a day or two.

Q. So the term expedited could mean within 24 hours or in several weeks depending on the part; is that your testimony?

A. Correct.

MR. DRIVON: Thank you.

CHAIRMAN DUNN: Okay. Mr. Edwards, oh, we have follow-up, I'm sorry, Senator Morrow.

EXAMINATION

BY SENATOR MORROW: Q. Let me go back to one other thing, Mr. Edwards.

In the course of your employment, were there any business processes, if you will, where if parts or components were to be dispensed with because they were obsolete or damaged, would there be any record of that or would you be required to keep a record of that?

A. Me personally, no.
Q. Anyone else in the company or is there any system to -- for that?
A. Well, I can only just very casually touch on there was a term M & S, not M & S and there were sometimes components, valid parts that were tagged not M & S. They didn't really keep track of them in inventory, although, again, I'm going to have to emphasize if it was a valid part, it was tagged not M & S. Why, I can't elaborate. So they would have inventory that they would maintain, but they called it not M & S.
Q. I'm sorry, what is M & S?
A. I don't know what the acronym stood for. That was in a storeroom.
Q. Okay. What I'm looking for is whether or not there were records kept.
A. I -- I personally as I'm telling you, Mr. Morrow, I did not keep records, no.
Q. Okay. But again, in the standard course of business while you were there, though, to your knowledge, were the records kept? In other words, there was -- I'm looking for if there was a legitimate process used by the company that if they were -- they were going to keep a record of throwing parts or components away.

That's what I'm kind of looking for.

A. I don't know if they kept records of throwing parts or components away. No, I do not know if they kept those records.

SENATOR MORROW: Okay. Thank you.

CHAIRMAN DUNN: Senator Peace.

EXAMINATION

BY SENATOR PEACE: Q. Just one question. Was there ever a time when, that you know of, that a unit at the facility was not operating or operating below capacity because you were waiting for parts?

A. Yes.

Q. Can you -- was it more than one time or was it many times, was it -- can you characterize?

A. It varied.

Q. Excuse me?

A. It varied.

Q. Can you give me some idea of whether we're talking two or three times or hundreds of times or once a week or, you know, once a month, and how long a time a unit may have been down?

A. If you asked me about a specific situation, I could better answer. Just to ramble on ambiguously, I can't do that.

Q. Let me ask it this way, then. Can you identify the -- what in your opinion was the most significant circumstance in which a unit could not operate or could not operate at capacity because you were waiting for a part and how long that unit was either below capacity or out of commission?

A. South Bay 4 stub shaft control rotor for the main steam turbine was sent out. The unit physically was incapable of running. I believe it was down for two weeks waiting on the stub shaft to be repaired. It was crated, shipped somewhere back East, repaired and then shipped back out here and installed.

Q. And would that in the prior repair regimen under the SDG&E direction have been -- would that have been handled differently? Would that part have been on-site or would it have been able to have been accessed more quickly or would the -- would something else in the way in which you handled your day-to-day activities had precluded that to occur?

A. I couldn't tell you.

SENATOR PEACE: Thank you.

THE WITNESS: I don't know.

EXAMINATION

BY CHAIRMAN DUNN: Q. Okay. Mr. Edwards, as I

understand it in listening to your testimony, basically we're dealing from what you've said with a change in operations, the four units versus the one and how that changed with the change in ownership and from your perspective some changes in the maintenance approaches between SDG&E and Duke, correct?

A. Correct.

CHAIRMAN DUNN: Okay. I think that's all we have for you.

I'd ask that you stay there and be patient while we talk with the other witnesses because there may be some follow-up as well, too, if you would, Mr. Edwards.

What we're going to do is take just a quick five-minute break for everyone. But before we do that, I want to also express a thank you to our two court reporters, Dennis and Barbara Peyton who have agreed to fill in today for our usual court reporter Evelyn. We appreciate your being here and assisting us here today.

We're going to take five minutes, everybody.

(10:39 a.m. - 10:52 a.m.)

EXAMINATION

BY CHAIRMAN DUNN: Before we go on,

Mr. Johnson, I just had one follow-up question, if I may, Mr. Edwards.

I just want to remind the witnesses, I'm sure you understand, you are still under oath.

So let's go forward, Mr. Edwards. I just wanted to follow up on one thing.

You had talked about the issue of jet fuel being provided for the one unit by Lindberg Field and at one point they said no more and it's your understanding at least that jet fuel was trucked in at that point in time, correct?

A. Uh-huh.

Q. I need you to say yes for our court reporters here.

A. Yes. Yes.

Q. There we go. I understood what you said, but they need to get it down on the transcript. And thank you, Mr. Pingel.

MR. PINGEL: Okay.

CHAIRMAN DUNN: We're back onto the mic as well, too.

Q. As you know, we're outsiders trying to look into and understand the operation of the entire generation of electricity here in California.

It would seem from my perspective in hearing

that that if in fact one of the other four units was not being operated at full capacity and the jet fuel unit was being driven at its full capacity at that time, when jet fuel was being provided whether by Lindberg Field or by trucking it in, that would be at a much higher cost than it would be to run the four units, correct?

A. That's my opinion, yes.

Q. Okay. All right. I just want to clarify that point because I'm not sure I understand why that would be done if it would be at a higher cost at that point in time, but that's your understanding as well, too, correct?

A. Uh-huh.

Q. I need you to say yes.

A. Yes.

Q. There we go. There we go. You get to learn all these rules.

A. No problem.

CHAIRMAN DUNN: The two witnesses look experienced because they've watched it all already. Thank you, Mr. Edwards.

EXAMINATION

BY CHAIRMAN DUNN: Q. Let me turn to Mr. Johnson.

Are you ready, Mr. Johnson?

A. Yes, sir.

Q. Okay. Will you please state your full name again for the court reporter.

A. My full name is Glenn, G-l-e-n-n, last name Johnson, J-o-h-n-s-o-n. Middle initial D for Dale.

Q. Okay. And can you give us a little bit of your background as far as family, et cetera.

A. Married, have two children, one 25, one 18.

Q. Okay. Let's go to the professional background. Walk us through your history of employment with the facility in question today.

A. I went to work for San Diego Gas & Electric in November of 1976. I was employed by San Diego Gas & Electric up until April 20th of this year.

Q. Okay. And let's talk about the various positions you held at that facility from the beginning in '76.

A. I was originally hired as a helper, same as Mr. Edwards. Progressed through the system as a helper. I became a certified crane operator, then I bid into the apprenticeship program. I'm mechanically oriented. I successfully completed the apprenticeship program, became a certified mechanic with six or seven other individuals that I was hired in with.

Then as the years progressed, we became what they called certified mechanics because of the welding background.

I was also a firefighter for them and EMT for them.

Q. Explain EMT.

A. EMT, emergency medical technician. There were nine of us on the property. I also ran the fire department. I was classed as a captain for the department and for our fire brigade. We also did high and low angle rescue because of the confined space areas in the plant. We had a lot of tunnels, very confining areas where if someone was hurt, and they were quite often, you had to be able to get them out.

We had numerous contractors being hurt with a variety of different injuries and that's where the EMT, emergency medical technicians, came into play because we needed to -- for the response time we could respond to anyplace in the plant in approximately two minutes where sometimes it would take 15 to 20 minutes for the fire department to get there only because that's the way it works.

Q. Okay. I want to zero in specifically on your various job duties as a mechanic. Can you describe them for us.

A. My job as a mechanic was to once I became a certified mechanic, I was able -- supposed to be able to fix virtually any piece of equipment on the property like Mr. Edwards, work on anything from hydraulic couplings to the steam turbines to compressors to LP heater drain pumps to CW pumps and all support equipment.

Q. And that basically was -- covered your job duties from the time you were a helper all the way up to your employment ending point of April of this year?

A. Yes, sir.

Q. Okay. All right. Was all of your work at the South Bay plant that we have been talking about?

A. No, sir. As a helper, we -- we had a department that was called PPM, which was power plant maintenance. It was heavy maintenance. We tore the turbine rotor down. HP and LP section pulled the pickle, which is the element that's inside the generator out.

For instance, to show you the weight of some of this stuff, the HP rotor on Unit 2 at South Bay weighs approximately 55 tons. I know this because when I was an operator, I had to try to memorize all these weights and when they were making a lift, it was very critical to know exactly what you are lifting. The rule of thumb

was if you don't think it's strong enough, go to the next size bigger.

Q. Okay. When you say it was not all at South Bay --

A. I'm sorry.

Q. -- how many other facilities were there?

A. Station B which was a very old power plant in downtown San Diego right across from the train station. I also worked at Silvergate Power Plant which is down by the Coronado Bridge. We also would commute to the Encina Power Plant which is in Carlsbad, California, and then at South Bay where I wound up as a permanent South Bay Power Plant employee in Chula Vista.

Q. And do you know as of today who are the owners of those plants you identified?

A. Say again.

Q. Who owns those plants that you identified, do you know?

A. Duke owns the South Bay Power Plant. I believe a company called NRG owns the Carlsbad Power Plant. I believe San Diego Gas & Electric still retains ownership of the Silvergate Power Plant and Station B, I believe, was sold, to who I don't remember.

Q. Okay. All right. It's my understanding that the South Bay Plant that we have been talking about with

Mr. Edwards already this morning is a must run plant, correct?

A. Yes, sir.

Q. Can you explain for us in -- and assume that we have a lot of lay people listening to you, what a must run plant is?

A. Must run plant is to -- at the end of the geographical region of our power lines. We were told, I was told that it was because of the vars in the lines. Don't ask me to explain vars. I don't know. That would be an operation -- someone from operations such as Mr. Olkjer would explain it to you.

Q. And we will get to you, Mr. Olkjer.

A. Okay. And we had to -- it's not that I'm ducking the questions. We had to -- it was a must run plant because in that particular corner we were kind of isolated. So that original property was prepped for eight units. We have four.

Q. Okay.

A. Plus the gas turbine.

Q. Okay. And must run, who labels the plant as a must run plant, if you know?

A. You know, I'd be guessing. I really don't know.

Q. And basically, as I understand it, I'm not

trying to put words in your mouth, but as I understand it, a plant that's labeled must run, it has to be available if called upon to run, correct?

A. Yes, sir.

Q. Okay. All right. And I think you mentioned it, my apologies if we're repeating, when did you end your employment?

A. I didn't end my employment. I was terminated in April -- on April 20th.

Q. And were you told why?

A. I had applied, like everyone else, to work for Duke/Fluor Daniels at the South Bay facility and I had received a letter on January 31st that said there was a lot of applicants. Unfortunately -- or a lot of qualified applicants. Unfortunately, I wasn't one of them they could offer a job to at this time. So I was terminated from the gas company with no malice only because the San Diego Gas & Electric had no more power plants that were running in San Diego County.

Q. Okay. All right. It's my understanding if we calculate correctly that you were employed for approximately 25 years then?

A. Yes, sir.

Q. All right. You heard some of our questions to Mr. Edwards about differences between the operation

under SDG&E's ownership versus afterwards.

Can you explain from your perception the operation under SDG&E's tenure.

A. In the beginning when I hired on, it was well known that San Diego Gas & Electric took very, very good care of its employees. There were a lot of the older foremen who had -- would go out of their way to help you if you had a problem with working on a specific piece of equipment or something. They would get you books and data to work on it. And there wasn't a whole lot of problem getting help. And it was called a family. And it was done quite well.

When the deregulation phase started, it was made very, very clear to us, we were told at group meetings, at all-hands meetings where there would be some 60, 70 people involved that we were no longer a family, we were a business.

Q. Was this then now under the Duke tenure?

A. No. This had started becoming a business under SDG&E.

Q. Okay. And what sort of changes did you see when you were told you were going to shift from family to business?

A. Extreme -- it started out gradually, but it gradually built up into extreme pressure to work faster,

work smarter, which everybody tries to do and to work safe, but to do more with less. We had -- if I remember correctly, numbers may not be correct, we had had sometimes upwards to 35 helpers in the plant. I was personally --

Q. Helper referring to mechanics?

A. Yes, sir. We would have some 35 or 40 mechanics depending on whether the overhaul was there or not because the overhaul was a separate entity. It was like a subcontractor, but it still was gas company employees. We all got the same check. But we would -- mechanics they told us were too expensive to work together so they would give two helpers to a mechanic and you would work on a specific piece of equipment.

When we became a business, as helpers got promoted to mechanics and as the older mechanics retired out, they never replaced the helpers. So now there are no helpers in the plant. They have approximately seven or eight mechanics doing the work of what it took some 35 mechanics plus helpers to do in the past.

Q. Okay. You heard Mr. Edwards discuss the various parties or meetings --

A. Yes, sir. I participated in them.

Q. -- which Mr. Guthrie made certain comments. And can you share your reflections? Were you at those

parties?
A. Yes, sir. They were all-hands meetings. They were all-hands meetings which meant everybody that was not critical to the operation of the plant such as the COs which couldn't leave the control rooms, we were called into the machine shop.

At lunches they would have prime rib and chicken and sodas and things like this and we were told -- specifically we'd asked -- they were just ecstatic with the amount of money they were making.

So some of the individuals asked, well, how much money are you making, and a direct quote from Mr. Tom Guthrie said that "We are making more money than we ever thought possible."

And to elaborate on that, he said they made their complete purchase price of the plant and their own end budget for that year in the first three months of their ownership.

Q. Did Mr. Guthrie make any comments about taking units off line and making money?

A. They were there -- they were told -- they had told us that they are there to make money, period.

Q. Okay.

A. They bought the plant to make money. And there was a comment made about gas, the natural gas. We were

told at an all-hands meeting that if they could make more money selling the gas, they would shut the turbines down.

Q. Okay. Anything about making the -- the turbines go off line for purposes of making more money, any suggestions about that?

A. Never -- never suggestions. I've never been told to pull a piece of equipment off the line to curtail load in any way.

Q. Okay. Anybody other than Mr. Guthrie that were making these comments that you're referencing?

A. There was a lot of VPs from Duke. Their names escape me, but their head of HR was there and he virtually parroted Mr. Guthrie to the point where they are extremely happy. We are a stellar plant. We are making -- we are working extremely efficient of which we worked extremely efficient before.

To go back a little bit, the gas company had a private firm come in to do an evaluation to see if we could work faster and smarter. Firm basically told them if it isn't broke, don't fix it and your employees are doing a great job. They are working as efficient as we have seen and there is no recommendation that we could give to make them work any better.

Q. I want to make a point of clarification. When

you said if it ain't broke, don't fix it, what you're referring to there is the maintenance folks are doing great, don't change them?

A. Yes, sir.

Q. Okay. You weren't referring to a unit?

A. No, sir. I'm sorry.

Q. Okay. All right. I just wanted to make sure for clarification purposes.

Let's stay on maintenance for a second. And again we have heard Mr. Edwards' testimony.

When Duke took over the plant, did things change from your perspective concerning maintenance?

A. Yes, sir. We became more of a business.

Q. Okay. Can you explain how that manifested itself?

A. Well, ordering parts, for instance. Parts is also support equipment such as pipes, angle line, channel iron, flat bar, nuts, bolts, for instance -- yes, decorating. I needed a piece of schedule 80 three-quarter inch pipe to put in a steam trap, approximately 10 to 18 inches of pipe.

In the old days when it was a family, we used to keep four or five sticks which were 25 feet long, 21 feet long sections of pipe. We'd keep schedule 80 pipe, three-quarter, one-inch, three-quarter or one-inch

schedule 80, inch-and-a-quarter, inch-and-a-half and so on, so when you needed it, you could go to the pipe rack, pull it out, cut off however much you want.

When I went to my immediate supervisor and said we do not have any three-quarter inch pipe in stock, can I order a 21-foot piece, and we're talking approximately a cost of some $21 for a 21-foot length of this pipe. I was told only order exactly what I needed which was the 18 inches. Well, they charge you a five-dollar charge to cut the pipe.

So what I eventually wound up doing is some of our clamps we had used three-quarter inch schedule 80 pipe -- pipe clamps and so I cut six inches off the pipe, put on it the trap and it worked fine.

Q. Okay.

A. But it was just cannibalizing, it was -- we were running out of parts.

Q. Okay. So under SDG&E's tenure, you found in the maintenance perspective you had lots in inventory that you were able to respond?

A. Yes. And towards -- when we -- when we ceased becoming a family and becoming a business, we noticed they were deleting a lot of parts and we were told at safety meetings and all-hand meetings for -- that we are deleting stock. Some of the stock we supposedly didn't

need. Some of the stock -- a lot of the stock we were deleting because this wanted to be a viable sale. We wanted to look lean and mean for sale of the plant so SDG&E could sell the plant.

Q. Okay. Now you heard Mr. Edwards talk about dumping new inventory. Did you experience --

A. New, used and old, yes, sir.

Q. I need you to be careful here, Mr. Johnson, because I need for the court reporters wait until I finish the question.

A. I'm sorry.

Q. That's fine. That's okay. You're new to this, I understand. We've all been around it.

Let me say it again.

Are you familiar with situations in which good inventory you were ordered to dispose of?

A. Yes, sir.

Q. Okay. Explain that.

A. The storeroom personnel would go through particular bins, stackable bins and pull out parts that they were instructed to by their immediate supervisor.

For instance, steam seals for the turbine, usually made out of brass and they are wrapped in that plastic bubble wrap, I know you have seen that.

And I've -- I've personally had to go out, been

assigned jobs to go dump those four pallets that are out by the receiving rack and throw them in the dumpster. It became so blatant. There was a lot of us in years past we used to get property passes for specific pieces of equipment that was scrap metal because you build home projects and things like that. And it was no good to them. We paid them four cents a pound for scrap and we'd take it.

Well, it turns out they were throwing away turbine bolting, turbine washers, turbine bolts, seals, compressor, rebuildable compressor valves. We had asked -- some of us had asked to take some of this equipment home on a property pass, pay the scrap price because in the back of our minds we knew it was worth a lot of money. And they said, no, throw it in the trash. So we respected their wishes, threw it in the trash.

One specific instance I took a bunch of what they called alumium rotor bars. I had a property pass to take these aluminum rotor bars home. They were approximately four foot long, half to five-eighths of an inch thick and about an inch and a half in width. For the sole purpose -- I was paying them four cents a pound for the scrap. I know scrap aluminum is 32 cents a pound. I figured I'd do that and it was all legal. Got the property pass. I loaded them up in my vehicle and

went home.

The next day I was told I got to bring them back because nobody knew what they were and I'd already had a legal and viable property pass to do so. So I brought them back. And they were put back into stock. But a lot of the equipment that they dumped was perfectly good. Just because it had a little sheen of rust or dust on it, it was gotten rid of.

It was -- in my opinion, it was gotten rid of for the sole purpose as we were told to make it look like a lean, mean plant. And taxed -- I'm sorry. And taxed on the -- less taxes on the equipment and parts that we kept in the storeroom.

Q. Okay. And to follow up on the question that Senator Morrow had asked Mr. Edwards. From your perspective these parts that you were ordered to dispose of were perfectly good and usable parts?

A. A lot of them, yes.

Q. Some of them actually new?

A. Yes, sir.

Q. Okay. And you identified specifically many different parts. You're talking --

A. Yes, sir.

Q. You are talking to a nonmechanic here.

A. Yes, sir. We would --

Q. Hold on. Let me finish.
A. I'm sorry.
Q. You are talking to -- that's okay. You're talking to a nonmechanic here. I'm assuming all the parts that you identified that were disposed of are parts that were needed on a regular basis at the facility?
A. Yes, sir.
Q. Okay. All right. Let's talk about how the plant was run and maintained.
Did you see it change from SDG&E's ownership to Duke in how the plant was run and maintained?
A. Yes, sir.
Q. Okay. Can you explain?
A. Like I said, gas company when I first went to work for them, it was a family. Towards the end when deregulation started and they were telling us how it was going to be very, very, very good for us became a business.
Q. Okay.
A. Became more of a business when Duke took over.
Q. Okay.
A. And we were doing more with less people. We were working hundreds of hours of overtime.
Q. Okay. Let me ask some of the followups from

some of the circumstances that Mr. Edwards talked about.

Did you notice any difference between the operation of certain units that were operated differently under SDG&E versus Duke?

A. Yes, sir.

Q. Explain.

A. Especially when deregulation started, there was a term called running the units like a yo-yo up and down, up and down, up and down.

Q. Okay. What does that mean?

A. Ramping -- ramping the loads on the unit. For instance, they'd be running Unit 1 at 82 megawatts. 10 minutes later they'd run it down to say 60. Then 10 minutes later, they'd run it back up to 75, just as an instance, and this happened with not just Unit 1, but all the units at South Bay at different times.

Q. Okay. And Mr. Edwards had also talked about in repair jobs that, you know, halfway through or most of the way through ordered to cease the repair and just put the -- whatever was being worked on back together?

A. Yes, sir.

Q. Okay. Were you involved in any of those types of situations?

A. Yes, sir.

Q. Okay. Explain.

A. If you are working on a compressor and it makes a ticking noise, it's usually a sticky valve. So I would go to an operator, proceed to get a hold-out on a piece of equipment so I wouldn't become crushed or electrocuted or hurt in any way. I would take a clearance on that particular piece of equipment, then get an operating permit on it, have an operator go with me to the particular piece of equipment. We would start the equipment and I would listen to it.

I'd feel it. I'd put a piece of steel on it to feel the vibrations. I'd walk around it, look for leaks, anything else I might be able to find. When I would determine what I thought was wrong with it, we would put it -- we'd shut the equipment down. I would go to the storeroom with the small notes I took, go to the book, find -- try to find the parts, ask the storeroom person to go back and pull these parts out.

In the old days we'd have the parts and I'd tell the foreman, you know, we can take this piece of equipment down, I have the parts, we can fix it, no harm, no foul. I would do it.

As soon as we became a business, I would do the same thing and find out, wow, somebody threw out a pallet of rebuildable valves because sometimes you could take an old valve and maybe the center reed would be

bad, but the second and third reeds would be good.

So we would mix and match parts and make them fit because that's part of our job not only being a mechanic, but being a machinist, we would put these parts back together. Well, we didn't have any parts.

So I would go tell my immediate supervisor and I was told on several different occasions do not tell me how to run the job. You do what you are told.

Okay. What do you want me to do?

I want you to pull the compressor down.

No problem.

I pulled the compressor down. He says we would order the parts on a 24-hour turn-around which sometimes happened and sometimes did not. And it would depend on the particular piece of equipment.

One specific piece of equipment that sticks out is a vacuum -- I believe it's a vacuum valve up on top of Number 4 condenser up -- way up in the overhead. It's a very old valve; very seldom failed. It quit working. It was causing a great vacuum leak in the condenser because they have to have the condenser to create a vacuum to make the steam go back in to condensate and then pump it around.

But, anyway, I pulled this valve apart and for some reason I had a very good day. I didn't break the

rings and seals on this valve. So I go to the storeroom because we couldn't even find a book on this valve and I tried to match pieces and parts from other Fisher valves because just because you have 10 different valves, maybe three of those valves you can use the same kits in them, kits being they had different seals, U-bolts, lubricants of this type.

I couldn't find any parts at all. So I told them, you know, what am I going to do.

They go put it back with the old parts.

I says, well, what about ordering a new valve?

So we had planners that would get on the phone with Fisher and say we haven't made that valve in 10 years, but we have a replacement.

When can you get it?

Oh, six weeks.

So I was told throw the valve back together, and that's exactly what I did.

Q. And what would be the long-term implication of that?

A. The long term --

Q. From a nonmechanic.

A. The long-term implication is, one, you have certain clearances that have to be maintained on specific equipment. Once I have torn the valve apart

and reused gaskets as apprentice, as helpers, as apprentices and as mechanics and certified mechanics we were told never use older gaskets because they've already been crushed. If at all possible, don't use old parts. Try to replace it with new parts just to try to bring the clearances back up. I had to throw this valve together and it didn't work quite right after that.

Q. Okay. All right. I'm curious in some of the circumstances that you have talked about, were there situations in which a unit may have needed some repairs but still could have been operated without the repairs, for example, while you are waiting for spare parts?

A. Yes, sir. If we had a leak on a steam line, for instance, and the steam was condensing -- condensating and dripping down the operating shack and onto the floor creating a slipping hazard, if we couldn't bring the unit down, we'd do things like wiring funnels under the leak, wiring a hose to the funnel and running the hose into a drain. And there's been things like that that have -- for years that have run -- in fact, the hoses, some of the hoses that were there were all ozone cracked and would start leaking again. If it -- you know, if it's working, you know, make it work.

Other times I have worked on things where I've had to throw them back together within two hours. We

need the unit, bring it back on. I got this apart, put it back together.

Q. Were there ever circumstances where a unit was down that you felt could have been operated, but was not operated?

A. Yes, sir.

Q. Okay. Can you share with us any of those examples?

A. Sometimes when they would bring a compressor down for a knock, sometimes there would be water in the head or it wasn't a knock as an operator would define a knock. A knock might be a ticking in a valve. Maybe the valve is not working at 100 percent capacity, but it's working at 90 percent. So you would limit the load in respect to the compressor.

In other words, some of our compressors would run 100 percent efficient at 95 PSI. If you would run over -- three pounds over the 95 PSI, it would decrease the life of the compressor by one-third.

Adversely, if you dropped the pressure down on the compressor, it would make it last a little longer so it would limp -- you would -- in the old days we would limp things along to make them work.

Q. And were there circumstances where that was not done then after that?

A. Yes. A lot of circumstances said bring it down and it really never made any sense to me because as a mechanic, you tend to get tunnel vision. You are looking at your specific piece of equipment and you are trying to do the best job you can and let's, just for argument sake, there's 35 different procedures to take this piece of equipment down.

You don't pull the crank shaft without draining the oil out of it because you'd make a mess so you do these specific instances and I was very methodical in doing from one through 35. I would never do one through 7, through 15, through 35. I wouldn't skip it because I didn't want to wind up hurting myself or any of my coworkers or wrecking equipment because of the -- if you did something and they could prove that it was to -- if they could -- if you would do something that was negligent, then you would get disciplined.

Q. Okay. Were you ever told why in the circumstances where you said a unit could have been operated, but you were told not to bring it back up?

A. I was told it was none of my business. I'm a mechanic. I'm paid to twist wrenches.

Q. Okay.

A. If you don't do this, we will get somebody that will.

Q. Okay. Was there ever any reference to economics as being the reason?
A. Economics was the term that we all heard quite frequently. It's down for economics.
Well, what do you mean?
You don't need to know.
Q. Okay. Can you tell us who would be telling you those statements?
A. My immediate supervisor, his immediate supervisor, the plant superintendent. Economics was a word that kind of got thrown around. Sometimes a unit would be down for economics for two or three days. Sometimes it would be down for two or three hours.
Q. And from your perspective as a mechanic, it didn't make sense?
A. It didn't make sense.
Q. Okay. All right. I mean looking back on it now, do you have any belief as to why it was done?
A. In my opinion, I believe that the word economics was another way to explain limiting the load or curtailing load to boost prices and that was kind of a two-fold thing. If in fact that's what they've done, and I believe they did, not only instead of running two units to make the same price, you could run one unit and make three times the price, plus saving that unit that

was down less run means less wear.

CHAIRMAN DUNN: Okay. Mr. Drivon.

EXAMINATION

BY MR. DRIVON: Q. You used the term down for economics -- excuse me -- is that correct?

A. Say again, sir.

Q. You used the term down for economics, that term, you used that term a minute ago?

A. Yes, sir.

Q. Is that -- is that your term or is that phrase one that you were told?

A. That phrase is one I was told.

Q. So we can put that --

A. When we -- I'm sorry.

Q. We can put that in quotes?

A. Yes, sir.

EXAMINATION

BY CHAIRMAN DUNN: Q. Okay. Let me just follow a line. I want to clarify some of the things that you have talked about so far.

Is there a concept called tubing repairs?

A. Say again, sir?

Q. Tubing repairs, does that make any sense to

you?
A. Yes, sir.
Q. What does that mean to you?
A. Tubing can be anything from stainless steel tubing because it's an air line going to a Fisher valve versus tubing leaks inside the boiler which some of our boilers run at 2100 pounds, a thousand degrees and things happen in tubes, part, blow up, leak.
Q. Okay. Let me -- again, clarifications. Am I understanding correctly that there, in your view, there were times when equipment was taken off line that it didn't need to be?
A. Yes, sir.
Q. Okay. And as a certified mechanic, that didn't make sense to you?
A. Correct.
Q. Okay. All right. And I may have asked this before, my apologies. Did you ever ask anyone questions about why this was being done?
A. Yes, sir.
Q. Okay. And I know you have shared with, you know, down with -- due to economics or for economics, your term that was used there at the facility, were there any other explanations given to you?
A. No, sir.

Q. Okay. All right. Were you ever in the control room?
A. Yes, sir.
Q. What did you see?
A. I was in the -- when you go to the control rooms you're usually going in there when you have a work order or take a holdout and I have seen the units running up and down, looked like a cardiac monitor.
Q. Okay. Is this what you refer to as the yo-yo that you talked about?
A. Yes, sir.
Q. Okay. And again explain that for us again.
A. Each unit has a lot of different recorders. Each recorder has a certain purpose to record a certain instance on the turbine boiler support equipment.

The particular recorder I'm referring to is a megawatt recorder and it records every megawatt for every minute of every day of every week of every year.

And when we first went into deregulation and they were buying on the market, the prices would change every hour. And you would see the swing in the -- in the recording paper.

Before I was terminated, I noticed that -- I was called over by one of the operators and he showed me a computer screen that the prices were now changing

every 10 minutes. I was shown a particular screen that at midnight they were selling power for $21 a megawatt hour. What day, what month escapes me.

Eight hours later at the 8:00 o'clock part on that monitor, that same power was being sold for $157 a megawatt hour and I was looking -- and this recorder, I was looking at it approximately around 9:00 o'clock or 9:30.

Now, that tells me within an eight-hour period the price of producing that particular megawatt, the price changed from 21 to $157 a megawatt hour. In my opinion, there was no reason except to supply and demand. Demand is such -- demand is such that in the mornings and the evenings people are cooking dinner, running dryers, air conditioners, demand goes up. If I have it, you want it. Greed enters in. I want this much money for it.

There is -- the price of oil didn't change in eight hours. The price of operating the turbine didn't change in eight hours. The greed changed.

Q. Okay. From a mechanical perspective, did this make sense to operate a plant by these spikes up and down?

A. No, sir. It's like grabbing a piece of wire from a coat hanger in your hand and constantly bending

it back and forth. Eventually it breaks. Turbine rotors are such where if you are pumping steam in, steam expands at an extreme rate. The exact rate, I don't know. But as steam expands, you have to have more room for it. Well, it tends to thrust and thrust means you push something one way or the other. If that rotor moves too far back and forth, the blades or buckets will rub into the stationary blading and cause severe damage, if not a complete catastrophic failure.

And it tends to vibrate when -- something that weighs, if you have a piece of equipment that approximately weighs 150 tons spinning at 3600 RPMs, that's approximately 1200 miles an hour. It will virtually destroy itself.

Q. Okay. I want to move to a different topic very briefly.

Mr. Pingel, I believe you have been provided with copies of Exhibits 1 through 9 today?

MR. PINGEL: Yes, I have, Senator.

CHAIRMAN DUNN: Okay. Have you had an opportunity to show these to your client?

MR. PINGEL: I have.

CHAIRMAN DUNN: Q. Mr. Johnson, do you recognize those documents?

A. Give me a minute, please.

Q. Yeah, absolutely.

MR. PINGEL: Senator, before I allow my client to answer questions concerning these exhibits, I'm going to ask that he be given the protections under Government Code Section 9410A. He has the right to not answer these questions.

CHAIRMAN DUNN: Okay. I assume from that you're invoking the objection?

MR. PINGEL: Yes. I'm objecting to him answering those questions. I would have to instruct him not to answer without him being given the benefit of Government Code Section 9410A.

CHAIRMAN DUNN: Okay. Understood. And I think you understand also, Mr. Pingel, that your client can be compelled pursuant to Government Code 9410 to testify today, despite your objection.

MR. PINGEL: Yes. I'm assuming he's going to be -- he is being compelled.

CHAIRMAN DUNN: Yes. Yes, he is. Okay.

MR. PINGEL: Yes, I have shown them. They're in front of him.

Senator, he's ready to answer any questions.

CHAIRMAN DUNN: Q. Okay. Mr. Johnson, do you know how these documents left the South Bay facility?

A. Yes, sir.

Q. And how?
A. I copied them out of the log.
Q. Okay. And you brought them here?
A. I actually brought them to a --
MR. PINGEL: You brought them here?
THE WITNESS: Say again?
MR. PINGEL: You gave them to the Senator's office?
THE WITNESS: Yes, sir.
MS. BOWEN: I'm sorry. I didn't understand what happened.
CHAIRMAN DUNN: Q. You brought them here?
A. Yes, sir.
Q. Okay. All right. Can you just identify what these logs are.
A. These logs are from the South Bay Power Plant Control Rooms 1 and 2.
Q. Okay. Generally, before we get to the specifics of these particular logs that are here today, what is the log used for?
A. The log is used to log virtually anything that happens in the control room -- in the control room to the units or on the property.
Q. Okay. And again, let -- we need a little education for us outsiders looking in.

Is there a control room for each unit?

A. There are two control rooms for four units. Control Room 1 is responsible for Unit 1, Unit 2. Control Room 2 is responsible for Units 3 and Unit 4.

Q. Okay.

A. And Unit 1 Control Room is also responsible for the gas turbine and Unit Control Room 2 is also responsible, you keep logs for the outlying facility such as tank farms.

Q. Okay. And these logs are maintained in each of the two control rooms you identified?

A. Yes, sir.

Q. And you -- again, you're educating us here so help us out.

What is -- again, not specifically to these, but what is recorded in the logs?

A. The logs record everything from requests from DETM, requests from the ISO.

Q. Let me stop you. I'm sorry, Mr. Johnson. You said DETM. What is that?

A. DETM, Duke Trading Energy and Marketing or Duke Energy Trading and Marketing is what it stands for.

Q. You said DETM and ISO?

A. Independent systems operator.

Q. Correct. Okay.

A. It also -- in the log it also talks about new oil gun gaskets being installed, anything that you would do to the boiler, if they have to go to oil, you would log it in.

Q. Okay.

A. Any radical change in power output would be logged in. If you had an emergency on the plant property such as we have had, they would log it in, called fire department for fire, called fire department for slips, trips and falls.

Q. Basically from a lay person's perspective, this tells you what goes on --

A. Yes, sir.

Q. -- on a given day from the control room's perspective?

A. Yes, sir.

Q. Okay. And I know we're going to talk to Mr. Olkjer with respect to certain entries here.

It's my understanding that you are not familiar with specific entries in these particular pages?

A. No, sir, because I am not a operator. I am a certified mechanic.

Q. Understood. I think you've just answered my next question.

It's the operators in the control room who will

make the entries to these logs?

A. The CO or the ACO would write in the log depending who was busy. To elaborate, for instance, a CO is in charge of two units. If you have a flame failure on Unit 1, for instance, on the boiler and you have a failure of some piece of equipment on Unit 2, the CO is usually so busy trying to get a handle on things, the ACO would take over the log and write down whatever the CO said or he would be out running around trying to help the CO get a handle on things and then when they got everything calmed down and then that way, they would start scribbling a log very fast to try to catch everything up.

Q. Okay. You used the terms CO and ACO.

A. CO refers to a control room -- control operator. He is actually in charge in the control room. If you are doing something or he needs quiet, he will order you out of the control room.

Q. Okay.

A. The ACO, which is the assistant control room operator, is his basic, for lack of any other term, a gofer, go give me two turns on a blow-down valve on Unit 2 or go take out a burner because we're dropping load so much we don't want to overfire or find out why I have got low fuel oil pressure.

Q. Okay.
A. And he would physically go out and look at the valve to see what position it was in.
Q. Okay. And as I just was paging through those while you were talking, it appears to me that these are from January 16th, 2001, January 18th -- I'm sorry, January 17th, 2001 and January 18th, 2001; is that your understanding, Mr. Johnson?
A. Yes, sir.
Q. Okay. And I know we're getting to Mr. Olkjer who actually has more knowledge, as I understand it, with respect to the entries in these logs. I just want to finish my question with one thing further.

To the best of your recollection, were you ever told to take down a unit when you felt it didn't need maintenance?
A. I as a mechanic can't take down a unit. What I can do is I can take support equipment down that could moderately affect the unit or severely affect a unit depending on what piece of equipment. For instance, if I'm working on an LP heater drain pump, I can take that unit down and work on it. It affects the efficiency of the unit, but not greatly.

If I'm told to find out why the boiler feed pump on Unit 2 on that same unit is vibrating and I pull

that pump down, that severely curtails the unit because you can't pump enough feed water back into the steam drum to convert it to steam for the turbine to -- for the turbine to run.

Q. And were you specifically told to take down such support equipment you have identified?

A. Certain equipment from different times, yes. Just to check for vibrations and then like I said, I would go check for parts and that kind of stuff.

Q. And from your perspective as a mechanic, did it make sense at the times when you were ordered to take down some of this support equipment?

A. To take something down and not have parts to fix it, doesn't make any sense to me. You would not want to send your car to a mechanic, like I did, and -- and not have any way to get around for a week and a half without having parts.

Q. Okay. And this in fact occurred to you with respect to the support equipment you have identified?

A. Yes, sir.

CHAIRPERSON DUNN: Okay. Let me open it up to any of my other colleagues here.

Senator Bowen.

EXAMINATION

BY SENATOR BOWEN: Thank you. My questions are a little more general. I just want to try to understand in the larger context some of the things you have been talking about.

If someone were to come in a couple of weeks or a couple of months after the kind of incident you have described where you are taking something apart to evaluate it, would there be any way for them to know whether there was a valid reason for you to take that down after the fact?

A. We would have work orders that would state noises and squeaks and just won't run. It may not run for mechanical problem. It may not -- it may not run because of an electrical problem. That's what you have to troubleshoot.

So the answer to your question, some laymen that would come in and see a compressor tore down, he wouldn't know why it was tore down. He wouldn't know why nobody was working on it unless he specifically asked.

Q. I'm asking if there's a -- let's say that the control operator or that the ACO has come out to say, you know, let's -- let's evaluate a particular piece of equipment.

A. Right, that's been done. I have had operators

saying that. They have asked me how long do you think it will take you to fix this X, Y, Z piece of equipment. I said, well, it wouldn't be fixed today. And you would -- they had what was called no touch days.

Q. Uh-huh.

A. Say you can't have it today. I said, okay, fine.

I would go tell my foreman this is a no touch day. I can't work on this piece of equipment and I would be told, well, let's go sort seaweed. Let's pull the trash out of the seaweed.

Q. But if someone came in a couple of weeks or a couple of months later to try to evaluate why a unit was off line, would they be able to tell whether something -- or had reduced capacity, whether -- whether there was reduced capacity because for economics or for other reasons; would the record tell that or would you be unable to determine?

A. I don't know. If I understand your question correctly, you're asking me if someone could figure out whether it was necessary to be torn down or not.

Q. Exactly.

A. And when I'm given terms of down for economics and not explained why, it's actually -- I'm not an economist. I have no need to know why it's down.

My sole purpose there is to twist wrenches and that has been made extremely clear to me. And I would do my job and only my job unless otherwise instructed.

Q. Okay. So but the records -- my question just is if you come in after a piece of equipment has been torn down and put back together to inspect, can you tell what happened two weeks earlier or two --

A. Yes, we have had occasions where, for instance, a mechanic would work on a job and he'd go on vacation and I would inherit his job. Now I have to go back on this mechanic's notes, look at the work order. I can look at parts, for instance and the history of -- the machine history that we used to keep, I don't know whether they keep it anymore, but I could look at a part and say a thrust bearing, for instance.

If I notice a thrust bearing is worn, it's a good assumption that the thrust bearings were starting to fail or vibrating so I would look at the thrust bearings. I would look at his readings. I would again, just to cover my own butt, I would mic the thrust runner. I would look at the bearings. I would mic the bearings, the old bearings to see how much wear, because you are allowed so many thousandths of an inch for things to wear. And then if I noticed he had new bearings, I'd mic those.

Q. So these --
A. And then I could put the equipment back together so that I would know that it was brought down for a specific reason, yes. If the thrust bearings were worn, it was brought down because there was excessive thrust or it was getting hot.
Q. And that information, though, is not in the logs we're looking at now?
A. The information would not be in the log. It doesn't say had to bring boiler Number 4 down because a tube leak. It doesn't say brought boiler feed pump down because of thrust bearing burnup. They don't know that, they being the operators.
Q. So where is that kind of information recorded?
A. That kind of information would be in the history after you repaired the equipments -- equipment, the mechanic would sit down and write repaired thrust bearings, Number 2 east boiler feed pump realigned. Thrust is at 12 thousandths, set the thrust at 12 thousandths and that is supposed to be transferred into the physical history of that machine.
Q. And would --
A. The planner does that.
Q. And would the kind of information that Mr. Edwards described where you are asked to tear

something down and you don't quite finish it and then get asked to put it back together again, would that be recorded as well typically?

A. You would record that. You would record that.

SENATOR BOWEN: All right. Thank you.

CHAIRMAN DUNN: Mr. Edwards, you seemed that you wanted to --

MR. EDWARDS: Yeah, I wanted to address that.

CHAIRMAN DUNN: Put the mic in front of you.

MR. EDWARDS: I wanted to address Senator Bowen in relationship to the question you were asking Mr. Johnson.

Specifically, if you had a failure or a problem, it would be recorded in this log right here. And I'm going to use an example of South Bay 2 East FD fan where you had an inboard bearing failure. It's recorded in the log that they burned up a bearing.

The fact is that once we came in and made the rectification, if you were to come back later, you could see the log that there was a failure. The log may or may not necessarily tell you that it was repaired, but to go look at that physical piece of equipment and to be able to assess that something happened, no, you cannot tell because this piece of equipment is now back in operational condition.

SENATOR BOWEN: So without the log and the service history, we can't tell just by looking at the equipment what happened?

MR. EDWARDS: No, you cannot because once we've repaired this equipment, the visual inspection would be that nothing has been done to it.

SENATOR BOWEN: As long as you did your job right?

MR. EDWARDS: That's correct.

SENATOR BOWEN: Thank you.

CHAIRMAN DUNN: I'm sorry, just so everyone is aware, the records that Mr. Johnson referred to in response to Mr. Bowen -- I mean Mr. -- Senator Bowen's requests have been requested and are part of our subpoenas as well.

I've got several requests here. I'm going to start with Senator Chesbro, go to Senator Morrow and then Senator Peace. Senator Chesbro.

EXAMINATION

BY SENATOR CHESBRO: Q. Yes. I was, like the chairman, quite taken with your description of the ramping up and down of the powering of the plant as being like a yo-yo. I assume those very rapid ups and downs can't be attributed to the mechanical and

maintenance issues that you're talking about?
A. If you lose -- if you lose a unit and you blow a tube in a boiler, oh, yes, there will be a definite radical change.
Q. But that radical change wouldn't be something that would be -- I guess I'm trying to find out whether or not you can attribute the rapid ups and downs at all to the maintenance questions that you have been talking about.
A. No.
Q. Okay. Is there any other reason that you can think of besides the term that was used of economics to -- why the plant would operate like that or have you seen prior -- under the prior ownership, did you see that ever happen?
A. When -- when we were a family -- when we were a family and the gas company was running it, they ran things fairly constant because it's less wear and tear on the equipment.

When we became a business, as I said, the money for the megawatts changed hourly. Now it changes every 10 minutes. So the point is the ramping is directly proportional to the money which in turn is the greed.
Q. And you can't think of any other reason why a plant would be operated in that fashion?

A. No, sir.

SENATOR CHESBRO: Thanks.

CHAIRMAN DUNN: Senator Morrow.

EXAMINATION

BY SENATOR MORROW: Q. Thank you, Mr. Chair.

Mr. Johnson, the same question to Mr. Edwards, let me begin in terms of how would you characterize your lengthy service? I think it was 25 years or so with SDG&E.

As far as your employment record, have you been the subject of any disciplinary process or on the other extreme, the subject of any commendations and things like that?

A. I am -- I am probably what you would refer to as a nonstellar employee in their eyes.

Q. Well --

A. I don't mean to be funny, but that's -- that's the best way to describe it.

Q. All right. In what respect; do you have a disciplinary record with the company?

A. When the gas company was a family, I virtually didn't have any -- any problems at all. Before I went to work for San Diego Gas & Electric, I was in the California National Guard and I stayed in the National

Guard since 1992.

I was threatened by one of my immediate supervisors because I did an extreme amount of active duty time.

Q. And I'm sorry, was this before or after Duke took over its management?

A. This is way before Duke took over.

Q. Okay.

A. Even when we were a family, I was gone a lot because my job in the military was such I had to go and I was also in the California State Rifle and Pistol Team so we had matches all over the country and I would be flown to these different matches.

When I came back, I was told that I had to choose between working for San Diego Gas & Electric and working for the California National Guard.

I knew that was wrong. I knew it was illegal. I contacted a JAG officer here in Sacramento.

Q. Okay. I don't think we have to go too much deeply into that particular incident.

A. Well, the point is what happened is the officer came in and informed them that they were doing an illegal act and better stop and it did.

Q. Okay.

A. So as of that time everything in my particular

situation digressed as far as being told I am taking too long on jobs. I would -- I -- according to some of my evaluations, I need constant supervision.

Well, I'm one of the few employees that puts in five, six, or did put in five, six, 700 hours of overtime a year. I can't remember how many times I was called out during New Year's, Christmas, Thanksgiving, Easter three o'clock in the morning, two o'clock in the morning and totally unsupervised, given a job, got the equipment back on line and never had any trouble.

Q. Were you ever put on like any company probationary status or anything like that?

A. I was given verbal reprimands and had numerous union grievances filed and in my opinion, I was retaliatory -- retaliated against for filing the grievances.

Q. Okay. Would all that, to your knowledge, be a matter of company record in your employment files and such?

A. Yes, sir.

Q. As a result of that, have you ever been a plaintiff in any lawsuits or anything or brought lawsuits against your employer at any time?

A. Yes, sir.

Q. Can you just elaborate? Honestly, I'm --

A. Well --
Q. I'm not being the lawyer where I'm asking the questions where I know the answers.
A. I don't understand.
MR. PINGEL: Senator, I'm going to suggest that he not get deeply into that. I don't believe he's presently a plaintiff in any lawsuit and I'm not aware that he's actually been formerly a plaintiff in a lawsuit against the company or not.
SENATOR MORROW: Okay. Well, you can see where I'm going. I'm just testing, as I would with any witness, you know, to question any motives and things like that in terms of the testimony.
MR. PINGEL: He'll tell you what his motives are for being here.
THE WITNESS: My motives aren't retaliatory in any way, shape or form. I was terminated. I can accept the fact. I'm 52 years old. It doesn't bother me. I have very thick skin.
My sole motive in this is when I see -- when I am told that power is -- electrical power is absolutely positively needed, a stage three alert is called and then I inadvertently, not looking for any reason, but inadvertently find out that one time they declare a stage three alert and approximately five minutes later

they lowered the load on the turbine, that is absolutely, unconscionably wrong when you have got people on fixed income. Now that I am on a fixed income, I don't run my air conditioner.

There's people that are 80 years old that have to choose between medication and running the air conditioner. To me, that's wrong.

SENATOR MORROW: Q. In -- in looking at the exhibits, apparently you obtained or you made copies out of the control room of these documents. When did you actually make the copies? When did that take place?

MR. PINGEL: Senator, I'm going to assume the same protections under Government Code 9410A apply?

SENATOR MORROW: That would be my understanding, but I defer to the Chair.

CHAIRMAN DUNN: Yes, that is our understanding and, yes, we will compel him to answer the questions as well.

THE WITNESS: I don't exactly remember what the date was. I could probably figure it out and let you know.

SENATOR MORROW: Q. I mean, a ball park figure. Are we talking this year?

A. Sir, I'd be strictly speculating.

Q. Obviously, it would be after January 16th.

A. Obviously.
Q. But you couldn't --
A. If -- I would say --
Q. Or I assume it would be between January and April.
A. A few weeks, yeah, sometime in there, that would be good. Yeah, it wasn't after April 20th.
Q. All right. Would it be fair to say that your reason in copying these were the reasons that you just submitted in terms of your testimony here today?
A. Yes, sir.
Q. I may be getting ahead of myself and the other witness may have more knowledge on this, but the entries here are made -- were they made entirely by the control operator and the assistant control operator?
A. Yes, sir.
Q. And so you would know who those persons would be then that would --
A. They have signed the logs.
Q. Let me kind of go back.
I want to make sure I understand your testimony.
I think you said that at some point after Duke took over the management of the facility that somebody had said that they could make more money or if they

could make more money selling the gas, natural gas that they would shut the turbines down. Did you make a comment like that or --

A. I did not make that comment.

Q. No. I meant today in your testimony that you heard a statement like that?

A. Yes, I have heard that statement on several different occasions.

Q. From who?

A. At all-hands meetings.

Q. And, okay, at all-hands meetings. And these would be by company executives?

A. Yes, sir.

Q. Such as?

A. Such as Tom Guthrie.

Q. Mr. Guthrie. Anyone else?

A. There were a lot of other executives. And I'm -- I don't hang in that circle.

Q. Okay. At the time that Mr. Guthrie made these statements, was it in the company of other employees?

A. In front of some 65, 70 employees.

Q. Including other --

A. At an all-hands meeting in the machine shop or up in our lunch room.

Q. Including other executives of Duke?

A. Oh, yes, sir.

CHAIRMAN DUNN: If I can remind you, Mr. Johnson, just wait until the question is asked.

THE WITNESS: I'm sorry.

CHAIRMAN DUNN: That's all right, that's all right. We have just got to make sure the court reporters can take it all down.

SENATOR MORROW: Q. To your knowledge, at least, were any of the turbines, the natural gas-fired turbines, were they shut down as a result of or because the company desired to sell the gas or use the gas elsewhere?

A. That I don't know. I know when we were told things were shut down, it was for economics.

Q. Just economics, okay.

A. It was like the buzz word, sir.

Q. When you are referring to your knowledge in dumping various parts and components, the best you can, how would you characterize the importance of these items that were being dumped, the spare parts or whatever they were, how important were they to either the repair or the operation of these units?

A. Some of them -- some of the components were critical. When you need them, you need them now, you don't need them next week. Other components were, in

fact, old equipment that we would replace valves periodically because they would come up with a new design or more efficient and we would cut that valve out of a system, weld a new valve in so there's no sense keeping the old parts and then they would dump them.

Or in years past they used to, being power companies converse with each other, it was well known that in a particular case old Station B was turn-of-the-century technology. Old 1800 RPM generators, a lot of our old Terry turbines, the parts were sold to other power companies, hydroelectric plants, for instance, because they don't turn the same RPMs we do. So they would have the older turbines and they would buy this old equipment. It never made sense to me, why throw something away for four cents a pound when you could sell it.

Q. Okay. And I think your testimony is consistent with Mr. Edwards that some of the items being dumped were new and not used; is that correct?

A. Yes, sir.

Q. To your knowledge, of any these components or parts that were being discarded, would they have been considered spare parts in the sense that once you have gotten rid of all the parts you did get rid of, there wouldn't be any other type of those components left in

facility?
A. Yes, sir. I know specific parts, for instance, steam seals, they're made of a brass or a brass composite and they would throw them away. And so you would call GE or Westinghouse and you tell them Unit 2 at South Bay, I need a set of steam seals. We wouldn't, the foreman or planner would do this and order another set.
Q. Even though you have already thrown them away?
A. Not immediately. You might throw them away and six months later you need them. What -- and you wouldn't -- we were told specifically that it was to control costs and to make the plant more viable for sale. In other words, we were -- I was told personally that it was because, one, we were taxed -- excuse me. We were taxed on the inventory. Also, we wanted to get rid of all the parts to make it look more viable for sale.
Q. Explain that to me, if you can.
A. In other words, if you have a car, you are going to buy a used car and the guy has got 10 water pumps all brand new, you're going to want to buy that car? Chances are that that water pump goes out on a basically periodic basis more than you'd want to repair it. In my opinion, this is why they got rid of a lot of

parts. They didn't want a whole lot of parts in there to look like this was a dinosaur that needed constant fixing.

Q. Does -- in your opinion, then, were getting rid of the parts, could it have been motivated by a desire, if you will, that if the parts were needed that result in a shutdown or continued lengthening of the shutdown of any one of these plants and therefore --

A. In my opinion yes, sir.

Q. So that's in addition to what you just said?

A. Yes, sir.

Q. Okay. To your knowledge, as a result of the discarding of any of this equipment, were any of the units either shut down or remained shut down or -- or cut back as a result of the unavailability -- unavailability of any of these parts that were discarded?

A. It's possible, but like I said, I'd be speculating. You'd have to look at the logs.

Q. Okay. So you don't have any personal knowledge, then, that as a result of any lack of inventory that the turbines were either shut down or -- or not in complete use?

A. You don't have to shut the turbine down just because you don't have turbine parts, you can shut the

turbine down because the vacuum drag doesn't work like I worked on and they had to throw it back together so the turbine would work. So you could indirectly affect it with the support equipment, not necessarily the immediate turbine. You could affect it by taking a boiler feed pump down. You can affect it by taking a hot well pump down. You could affect it by a hundred different methods. You could affect it by saying we're down for economics.

Q. Okay. So there's a million ways you can --

A. Oh, yes, sir.

Q. -- you can accomplish that.

But at least -- personal knowledge, you are not aware of the lack of inventory being a direct reason for a unit not being up?

A. Only for the instances that I had alluded to. But remember, there was a lot of other mechanics that have had the same problems I have had getting parts.

Q. Okay. One of those -- well, I'm not sure if it's one of those instances. You spoke about a time when apparently you were replacing or taking apart and then rebuilding a vacuum valve of some sort that had failed or wasn't working properly.

A. It's called a vacuum breaker.

Q. Okay. A vacuum breaker. I believe you

indicated that I guess you took it apart and any replacement valves would take six weeks or so to reorder and get back on line; is that correct?

A. Correct.

Q. And ultimately you put it back using the parts that you already used and that would have been inconsistent with company practices and rules in the past, right?

A. Correct.

Q. Okay. To your knowledge, were the replacement valves, were they ever ordered by the company at any time?

A. That I don't know because, like I said, I am not a planner. I am not a stockroom person. I'm a certified mechanic.

Q. Did you bring it to the attention in the appropriate people in the company that you needed replacement valves?

A. Yes, sir.

Q. And, I mean, just quickly, without going into too much detail, what was the process?

A. The process usually was go tell your foreman, hey, I need the parts for this valve, order it, or I write cannot complete work order, lack of parts. And I would get the operator to sign it off and then I would

take it to the foreman.

Q. So the foreman is directly in the line of that process?

A. The plant foreman is my immediate supervisor.

Q. Okay. How many plant foremans are there?

A. We have had as many as four foremen.

Q. At one time?

A. Yes, sir. We have foremen that would control Units 1 and Unit 3. Another foreman would control Units 2, Unit 4, another foreman would control the outside facility, the CW deck. It was -- the only people that were supervised heavier than San Diego Gas & Electric was the phone company.

Q. What is the CW deck?

A. I'm sorry. CW deck is circulating water. We pump ocean water into the plant, into the -- through tunnels into the condenser because it's cool and condense the steam back in to condensate. It's like a radiator on your car.

Q. Your statement that you referred to that the terminology saying that it was down for economics, the use of that term and the phrase, was that by Mr. Guthrie again?

A. It was used by all administrative personnel.

Q. That would include Mr. Guthrie?

A. Yes, sir.

MR. PINGEL: Senator, Mr. Edwards had a clarification.

SENATOR MORROW: Sure, by all means.

CHAIRMAN DUNN: Take the mic if you would, make sure we get you on the mic.

MR. EDWARDS: In the question that you were asking Mr. Johnson, it made me reminisce to a situation where South Bay 4, again Unit 4, the LP, which is the low pressure turbine, there's a lead disk, for lack of a better explanation, since none of you are mechanically inclined.

Okay. They're approximately, I'd say, 32 thousandths in thickness. Anyway, I was -- this started at a 6:30 tailgate meeting where I was told that I was to replace the ruptured diaphragms on Unit 4 and that the parts were in the storeroom.

So being told that, I went ahead and removed both ruptured diaphragms which were damaged and then I went to the storeroom to get the new ones.

Well, upon withdrawing them out of the storeroom and taking them to the Unit 4 turbine, they were the wrong ruptured diaphragms. So then we went back to the storeroom, went through the total and complete inventory. And keep in mind this started

roughly 7:00 a.m., okay?

And they realized they didn't have any parts at all for this particular turbine. So at one point an individual told me, well, throw the old ones back on there.

Well, when I removed them, keep in mind again the consistency is about 32 thousandths. So when I was up on the turbine and removed them, I threw the old ones which were damaged, that was the purpose of me repairing them, I threw them down off the deck from an elevation of roughly 10 feet, which further damaged them.

So they sent a stockkeeper out to go purchase lead. It's after lunch now, which was 11:30. We still don't have ruptured diaphragms and they know to get ruptured diaphragms from Westinghouse, it would not be that day. So they located some lead at a vendor in Claremont. Stockkeeper brought back two piles of lead balled up like paper. Literally as an example, lead in this consistency, it will not work.

I in turn had to go back to this vendor, try to return the lead. They already billed the company for it. They said, hey, the guy said he wanted lead. We gave him lead.

I have to cut out two pieces of lead, had to be perfectly flat. I made these diaphragms and I worked

overtime in order to get this unit on line. This was under the time that Duke Energy also owned the plant.

That's an analogy, again, as the more I think back or reminisce, that's just another analogy of things that took place. Now, again, the assessment was prior to assigning the job we had parts. That's just to answer more specifically the question you gave Mr. Johnson.

SENATOR MORROW: Thank you, Mr. Edwards.

MR. EDWARDS: The end result was the unit was returned to service.

CHAIRMAN DUNN: Hold on, Mr. Johnson. We're going to interrupt for a second because Senator Peace is under a time crunch here. Want to turn to him because I know he has some questions. Senator Peace.

EXAMINATION

BY SENATOR PEACE: Q. Thank you, Mr. Chairman.

I wanted to ask both you gentleman a question that I believe is consistent in terms of your area of expertise. You are right, none of us are very mechanically inclined. And it goes to some fundamental questions about operation and maintenance standards.

As background, it's important to put on the

record that this, unlike all the other plants in the state, this is a power plant operated under contract between Duke and the Port District. The purpose of that contract was actually to get the underlying land to the Port District and to tear down the plant and the plant was operated under, as was indicated earlier, what's called a must run agreement.

Now I want -- let's put aside for a moment the question of whether this up and down movement was done to manipulate the market or not, because unlike these other power plants that are simply owned by the operators, there's a contract. And I want to read you the operation and maintenance requirements of this contract. It's very short.

"The leasee," that's Duke, okay, "shall at its sole cost and expense, operate and maintain the leased property or cause the same to be operated and maintained in accordance with prudent utility practices, all applicable permits, all applicable laws and all applicable requirements of this lease."

In your opinion, was this power plant -- has this power plant, under the duration of this lease to this date, been operated consistent with prudent utility practices?

MR. EDWARDS: I can certainly answer first,

Senator Peace. In my opinion as you asked, no.

MR. JOHNSON: My opinion, also, no.

SENATOR PEACE: Second question. If in fact the plant was ramped up and down for economic purposes, without regard to whether that was a manipulation of the market or purpose of getting more money or not, that's not your expertise, but just in the context of prudently operating equipment in the fiduciary obligation that the leasee Duke had to the lessor, the Port, to over the long time prudently operate the facility, in your opinion, from your expertise basis, was the ramping up and down of the plant, irrespective of what their motivation was, consistent with prudent stewardship and operation and maintenance of the facility?

MR. EDWARDS: In relationship to who?

SENATOR PEACE: Was -- I'm going to start over and ask the question again because I probably put too many parenthetical phrases in it.

Without respect to what their motivation was, ramping the plant up and down, yo-yoing, to use your term, is that consistent with prudently operating one of these power plants, this particular power plant, properly keeping it in proper maintenance, getting the best value out of it, being a good steward, taking care of your car the way you would so your car would continue

to operate, as you put it, was this plant -- was the yo-yoing consistent with prudent stewardship and caretaking of that equipment and facility?

MR. JOHNSON: No.

MR. EDWARDS: I guess I'm at a hard spot because I'm comparing to SDG&E. And compared to SDG&E, I would have to say, no, but I guess not compared to SDG&E. I would say I guess they ran it the best they could, yes.

MR. JOHNSON: On that same point. If it -- the answer would be yes when it relates to the money. It's prudent to making money. It is not prudent to the safe operating of the plant.

SENATOR PEACE: But in this case, unlike the other power plants throughout the state which are owned and operated by a single entity, there's a contractual obligation of the leasee to meet historical standards of prudence as well as the specifically-referenced standard that actually goes to the -- the must-run agreement and is actually a printed document, which in a later hearing, Mr. Chairman, we can go to that quite specifically indicates what the standards and maintenance of this.

The only question of prudence I'm asking about, and the only question of proper conduct I'm asking about

is not outside of your expertise with respect to whether they are trying to make money or not. Let's just forget that.

I'm asking just the question from the perspective of your expertise as a mechanic is, was -- was this facility operated in a way that was consistent with taking care of it and making sure that over the long term that -- that the Port would get its benefit out of the plant, and I think you have answered the question.

MR. EDWARDS: I have no other comment. I have no other comments.

SENATOR PEACE: Mr. Chairman, I also just want to put in -- I'm sorry.

MR. JOHNSON: I didn't want to interrupt you. In my interpretation of your question and that contract, my answer is still no.

SENATOR PEACE: I also want to put into the record, Mr. Chairman, that this contract, in addition to having an operation and maintenance agreement which is not covered by any sort of economic understanding, it's a stand-alone operation and maintenance agreement. It does not say to the extent feasible, given economics, et cetera.

It also requires that Duke operate the facility

according to all applicable laws, which they define as all federal, state, and local statutes, regulations, ordinances and codes and all other rules, regulations, interpretations, orders, guidelines, directives, judgments or degrees of any governmental authority having jurisdiction or -- over or having power to regulate or supervise any person, the facility, the facility site or the project.

I believe we have already had a Federal Energy Regulatory Commission ruling indicating that those rules have, in fact, been broken. And, obviously, the testimony here today would suggest that we're going to learn more details about how they may have been broken.

Thank you.

CHAIRMAN DUNN: Senator Morrow, do you have any further follow-up?

EXAMINATION

BY SENATOR MORROW: Q. Just one quick area here, Mr. Johnson, going back.

You gave at least one instance where you talked about -- you were told to take down the support equipment, and in doing so or at the time you didn't have any spare parts to fix what you were tearing apart.

How many times, if you can give me an idea, is

it once, twice, a dozen, two dozen, how many times did that occur?

A. Over the period -- over the period of when we became a business, sometimes it would vary. And the equipment varies in the -- the degree, looking back at limitations, and let me try to explain.

I worked on a CW deck replacing sections of railroad track as a certified mechanic. And being it's in a salt water environment, it rusts tremendously quickly. When I would -- instead of replacing the entire track, I would replace only the pieces that were absolutely, positively crushed. The other pieces that were bent, broken or cracked that hindered the traveling of the trash rate back and forth to take the trash off the guards to allow flow into the tunnels which would go into the condenser, I would replace certain sections and leave other sections. That never made sense to me so that is another instance that...

Q. What I'm trying to get a feel for is how common was this practice.

A. Throughout the rest of the mechanics, all of us, it would vary week to week. Sometimes once a week. Sometimes once or twice a month. You have to remember, we have a lot of different mechanics on the site, a lot being seven or eight.

Q. At least, as far as that you have knowledge of.
A. In my particular situation, they were -- trying to remember, would be possibly sometimes once a week, maybe sometimes once a month. Just different things, and you would have honest problems with equipment and some of them just didn't seem correct.

SENATOR MORROW: Thank you.

Thank you, Mr. Chair.

CHAIRMAN DUNN: Okay. Mr. Drivon has a couple follow-up. But before we get to him, just so everybody knows, with the approval of the committee, what I'd like to suggest is when we finish with Mr. Johnson, we take a very short lunch break.

I know everybody is, okay, thank you, particularly the court reporters, so we'll probably finish up in about five minutes and we will start up again, unless there's objections from the committee members, right at 1:00 o'clock. Is that acceptable, Senator Morrow? Senator Bowen?

Okay. So we will start right at 1:00 when we complete -- after we complete Mr. Johnson.

Now Mr. Drivon.

EXAMINATION

BY MR. DRIVON: Thank you, Senator Dunn.

Q. Mr. Johnson, if I understand your testimony correctly, with respect to taking a piece of equipment off line for repair, there were basically two ways to do it, and I will ask you in just a moment.

One way would be to diagnose the problem, figure out what parts are needed, get the parts from the warehouse or order them. After the parts are there, then pull the equipment down and fix it. Is that one way that it was done?

A. Yes, sir.

Q. And was that the way that it was typically done before deregulation and Duke?

A. Yes, sir.

Q. There's another way, I think, that your testimony outlines for us and that would be to observe a problem, take the unit apart. After you get it apart, order the parts, sometimes because they weren't available, and after the parts come in, then you fix it with the equipment down the whole time; is that correct?

A. That happened more often as you said, yes, sir.

Q. And -- and that last way, in other words, pull the equipment down first, then order the parts and fix it, that particular way occurred more often under the time Duke had it; is that correct?

A. Yes, sir.

Q. Was that the way it was commonly done when Duke had it?
A. Yes, sir.
Q. One other question. These -- these units, the gas or the steam turbine units could run on either natural gas, crude oil or a combination of both, as I understand it?
A. Yes, sir.
Q. Now, when they are going to run on crude oil, how long would it take to make the changeover?
A. From gas to oil?
Q. Yes.
A. Well, on Unit 4, that's one I kind of have carnal knowledge on, Unit 4 it used to take some 45 minutes for the operators to manually open gate valves, which had a wheel on them and -- and a worm gear to run the valves open and do all the valving.

I was instrumental in changing gate valves into ball valves, which means all you do is have to move from 90 degrees, you'd reach up, grab the valve, turn it 90 degrees and the valve was either all the way open or all the way closed. That cut their time down for lining everything up, as they call it, down to approximately 12 minutes.
Q. So, in other words, if the call came to change

to crude, the change could be made, say, in less than half an hour?

A. Now, the exact time I don't know because things will -- things will vary if the fuel oil pumps don't work or you have a cold plug in the line. You don't know until you actually do it. The better person to answer that question would be Jimmy.

MR. DRIVON: Okay. All right. Thank you.

CHAIRMAN DUNN: Any further questions from the committee? Seeing none, we'll take a short break.

We'll see everybody here right at 1:00 o'clock.

(12:18 p.m. - 1:13 p.m.)

CHAIRMAN DUNN: Okay. Seeing that Senator Bowen has arrived, why don't we get started.

And to our court reporters, I assume you guys are ready?

THE REPORTER: Yes, sir.

CHAIRMAN DUNN: Before we get going, I want to address an issue that as chair of the committee I am greatly concerned and -- and to be frank, disturbed about.

I'm going to be surprising my colleagues, Senator Bowen and Senator Morrow here, but I want to

read to everyone a letter that was delivered to my office during our lunch break, because it raises some issues about this particular hearing that seems to call into question the integrity of this process.

And I would like an opportunity to respond because I suspect this letter, although I don't know it for a fact, is being distributed publicly. This is a letter from the Independent Energy Producers signed by Mr. Jan Smutny-Jones and I want to read it to everyone.

It says, "Earlier this year -- "Dear Senator Dunn, earlier this year, you met individually with IEP and various other parties to explain the purpose of Senate Select Committee -- Committee's hearing and the process under which they were to be conducted. You made it very clear that you were planning to have a fact-finding hearings based upon fundamental fairness and due process. You made a further commitment that there would be no surprises. Prior to today, the hearings have been conducted consistent with that representation.

"Unfortunately, today it appears the Committee has set a new course that radically departs from those previous commitments. Today, the Committee is hearing testimony from several surprise witnesses. These witnesses are former employees of San Diego Gas &

Electric under contract with Duke Energy for an interim period, during which Duke Energy operated the facilities in San Diego. It is our understanding that these former contract employees are alleging the company failed to properly maintain these facilities and that they are alleging that Duke Energy cycled these facilities differently than their former owner, SDG&E. It is also our understanding that Duke Energy will not be afforded the opportunity to contemporaneously challenge these allegations and or provide an explanation as to the operational behavior of the facility. In short, the hearings are being reduced to a media event, giving credence to the unsustainable allegations of disgruntled ex-employees.

"Respectfully, it would appear that the committee has wandered far afield of its stated goals. These hearings have the potential of identifying what went wrong with California's energy policy and how to fix it. However, this will only occur if this inquiry is based on informal facts and complete information, not innuendo and unsubstantiated allegations. It is the pursuit of facts, not headlines, which will solve California's energy crisis. These facts will be revealed only in a fair process where allegations made are subject to contemporaneous response.

"It is our hope that today's process is an aberration and not a departure from your commitments. The Committee is at a crossroads, it can chose to engage in fact-finding and analysis or it can be reduced to a witch hunt in pursuit of headlines. For the benefit of all Californians, the Committee should focus on fact-finding" and not -- excuse me, "fact-finding and analysis. Sincerely, Jan Smutny-Jones, executive director of IEP."

I'm concerned about this letter because, as I mentioned, it seems to suggest that somehow the integrity of this process is being compromised because we happen to have some former employees come testify about their observations.

As I think everyone is aware, particularly the media representatives that are present, this committee, myself and all of its members have refrained from drawing any definitive conclusions from the testimony we have heard thus far and we have been very straightforward about that.

We are not here to draw definitive conclusions about the testimony today. We are here to gather that testimony and to continue our investigation. We are doing the fact-finding, Mr. Smutny-Jones, we are continuing that.

As far as his allegation about surprises. I did make the commitment there would be no surprises when we started with this and Duke was advised of the fact that these witnesses were coming to testify.

Both their general counsel, based in Washington, D.C., was advised and their lobbyist here in Sacramento was advised. We remained true to that commitment as we will continue to do so in the coming months.

As far as no response today. We set out the parameters of how this would be done very early on. We indicated that there would come a time when the generators would be invited to come and respond and take as much time as they desire, whether it be a day, a week, a month, whatever they prefer. We will remain true to that.

At no time was there any discussion about contemporaneous responses. This is a long process. I don't mean to draw on my personal background as a trial lawyer, but in a trial, one side puts on their case and then the other side puts on their case. You don't get to put on a response to every single witness. It's a process and anybody who is drawing definitive conclusions based on one hearing, I would suggest, is mistaken to take that approach.

So we will insure that this entire process as a whole, in fact, is fair and everybody's positions and input is heard as we continue our investigation.

I don't believe it's necessary that we provide a contemporaneous response, just like when the generators have their opportunity, there will not be a follow-up close that day in response to what they may have presented.

And I also want to remind everyone that as of this point in time, we are almost three months from the time we served -- first served document requests on the generators. To date, we have gotten zero documents. Let me repeat, zero documents.

This process is a fair process that's got to be participated in by all sides. Mr. Smutny-Jones, if you are listening, I'd ask that you rethink before you question the integrity of this process.

Senator Bowen.

SENATOR BOWEN: Thank you. I just want to say publicly what I have said to a number of reporters who have asked me if this is the smoking gun. I have said I don't know, we need to hear from Duke before we make that determination.

Thank you.

CHAIRMAN DUNN: Senator Morrow.

SENATOR MORROW: Mr. Chairman, of course, first I was advised about this letter and, frankly, I wouldn't get too worked up over that or any other letter because this committee has a job to do and we're going to do it.

I, as the ranking Republican on this committee, I'm going to make my feelings known and on the record here, and that is from the very beginning I know that there were concerns expressed this might be a kangaroo court, a committee gone off to run amuck.

I can assure you that has not been the case, that under the chairmanship of Senator Dunn, who is on the other aisle of me, nevertheless, has been very thorough, been very methodical and very diligent and has kept me in every single loop on every aspect of this investigation.

And so I, too, am concerned when I hear that there's any question cast as to the integrity of this process of this committee and I just want to make that known for the record as well.

CHAIRMAN DUNN: Thank you, Senator Morrow. Okay. Let's get back to the issue at hand, if we can.

Mr. Johnson, before we move on, I just wanted to ask one follow-up question because I know that there -- it was raised by several members after we broke for lunch in that we have three dates here, January -- I

believe it's 16, 17 and 18 of the particular lot.

Can you share with us why you chose to select these three days?

MR. JOHNSON: The day in question was just -- it happened to be more excitement and movement than normal in the control room and it was just an arbitrary thing.

CHAIRMAN DUNN: Okay. So from your understanding, it was an unusual series of days?

MR. JOHNSON: Yes, sir.

CHAIRMAN DUNN: Okay. And that's why you chose to select these three days?

MR. JOHNSON: Yes, sir.

EXAMINATION

BY CHAIRMAN DUNN: Q. Okay. All right. Okay. Let's move on. They switched on us. I want to remind the witnesses you are still under oath, so we'll continue under that premise. And I want to make sure we do this correctly. It's -- please pronounce your last name for us.

A. Olkjer.

Q. Okay. Silent L, silent J?

A. Yes.

Q. Olkjer. Okay. Thank you very much,

Mr. Olkjer.

Give us some of your personal background, Mr. Olkjer, then we'll roll into your professional background.

A. I'm 56 years old. I'm single. I worked for the Navy. I'm a veteran of the Vietnam War. I carry five Purple Hearts, a whole bunch of other ribbons and metals.

I worked for San Diego Gas & Electric for 21 years. I -- the whole 21 years I never missed a day of work. When I left or was terminated, I had over 1500 hours of extended sick leave on the books and they only paid me for 10 percent of it. I didn't think that was right, but that's beside the point.

Q. Do I understand 21 years without a sick day?

A. Yes, plus all the overtime they asked me to work.

Q. I don't mean to go into that, that's an amazing record, Mr. Olkjer, to go 21 years without a sick day. That's truly a compliment to you, it truly is.

MR. DRIVON: Can I ask him a question?

CHAIRMAN DUNN: You may.

EXAMINATION

BY MR. DRIVON: Q. Mr. Olkjer, did you say

that you have five Purple Hearts?
A. Yes.
Q. That's for being wounded in action five times?
A. Yes.
Q. Isn't it true, if my memory serves me correct, that when you receive the first battle wound and your first purple heart, you have the option of going home?
A. You have the option, but most people never took it.
Q. You included?
A. Me included.
Q. Five times?
A. Five times. The only time I left is when they got me out of the country, then I couldn't go back.

EXAMINATION

BY CHAIRMAN DUNN: Q. Understood. Okay. You mentioned you worked for 21 years starting with SDG&E, correct?
A. Yes.
Q. Okay. Let's go back to the beginning of that.
What year did you start your employment with SDG&E?
A. 1979, June 25th.
Q. Okay. And tell us the various titles or job

positions you held during that tenure?

A. Okay. As soon as I was hired on by San Diego Gas & Electric, they sent me to a class called NUS, it was a trained --

Q. I'm sorry, Mr Olkjer, NUS?

A. NUS. I don't know what the acronym is for, but that -- anyway, it was a training course for operators that's supposed to teach them how to operate plants, but the Navy already taught me everything they needed to know for operating plants. I operated their plants on board ships for years and they had 1200 pounds and I was in -- when I left the Navy, I was an E-7, that's a chief petty officer. I was in charge of a main space of over a hundred people.

Q. Okay.

A. I had the turbines, the generators, all the accessory equipment, the auxiliary equipment to go with it. And I had to maintain, keep everything up on that, overhaul the equipment, electrical in it, anything that was -- went wrong, it was my responsibility to get it back on line for them.

Q. Okay. Can I ask you a favor, Mr. Olkjer? Can you move a little closer to that mic because I suspect folks --

A. Sure.

Q. -- in the back of the room may be having a little difficulty hearing you. And, unfortunately, it's a sensitive one, you have got to be real close to it for it to pick you up so, just bear that in mind if you can, Mr. Olkjer.

Okay. So it's my understanding that during your service in the Navy is when you really developed your expertise -- expertise with respect to power plant operations?

A. Yes.

Q. Okay. Your first introduction wasn't when you started with SDG&E?

A. No.

Q. Okay. All right. So you started in 1979. And describe for us generally your job duties.

A. Like I said, they sent me to class. After the class I was put on the floor, which means I was put out with the rest of the operators and I was assigned a person to break me in and prior -- and I have a three-month period to go through and actually learn how to operate the equipment they got available for me, and then systems.

Then I'd have to take a written test and a hands-on test, which means I have to go out and actually have a supervisor go around with me. Matter of fact,

there's two supervisors, go around and grade me on actually putting a piece of equipment on line from scratch and upon that, if you pass all these tests, then you are certified as a helper/operator.

Q. Okay.

A. And then you are actually put on schedule.

Q. Okay. Can you give us an approximate year when you went on schedule?

A. Same year.

Q. It was the same year, 1979?

A. (Witness nods head).

Q. Okay. So basically from the beginning of your employment at SDG&E you were in the operations field?

A. Yes.

Q. Okay. All right. And did you hold different titles throughout your -- your tenure as an operator?

A. Yes.

Q. Tell us what the titles were.

A. You start out as AO or AE, depending on where you was working at. AO stands for auxiliary operator or --

Q. I'm sorry, say that again.

A. Auxiliary.

Q. Auxiliary, okay.

A. Operator or auxiliary engineer, depends on

where you were or what they want to call you.
Q. Okay.
A. Then years -- about 10 years later a bid opened up for ACO, assistant control operator. And since I was already certified for that position, because by then they had already sent me upstairs to that position and qualified me, trained me and I passed all the tests to that position. Then I put in for it and got that assistant control operator.
Q. You think that was about -- I think you said about 10 years later, about 1989?
A. About 1989.
Q. Okay. All right. So you became assistant control operator. Carry us forward to the end of your employment.
A. Yes.
Q. Any other titles that you held during -- from the period of '89 and on?
A. Well, I'm also certified to operate all the equipment out on the tank farms, take on the jet fuel trucks, off-load them, run the GT.
Q. Okay.
A. But they wouldn't let -- but they wouldn't let me have CO.
Q. Okay. So at no time during your tenure were

you actually a CO?
A. No.
Q. Okay. And, again, that's control operator?
A. Right.
Q. Okay. Control room operator, technically?
A. (Witness nods head).
Q. Yes. Okay. Again, we need you to answer yes or no --
A. Yes.
Q. -- so our court reporter -- there we go, so our court reporter can get it down.
Okay. Is it fair, in laymen's terms, Mr. Edwards and Mr. Johnson kept the equipment working, you operated it?
A. Yes.
Q. Okay. All right. Describe for us -- we have had some description already I know from Mr. Johnson, towards the end of his testimony. Generally what do we mean when we say plant operation, general plant operations? What's entailed in that?
A. Well, let's start with the boiler. The boiler is just like this big room here with -- instead of having walls, you have got tubes lined up the side of it all the way around. So -- and it's eight stories high, just like a hotel or something.

And you walk -- you open this one door up and you walk into it and would be -- look like this, but you got burners sticking out of it. Eight -- you got eight burners sticking out of it, now that's what a boiler looks like from inside.

And in -- every one of those tubes is filled with water up to the steam drum, which is at the top of it. There is -- this big vessel is filled half full of water. On the outside you see these big, probably 16, maybe 20-inch pipes running down the outside, they are called downcomers. That's where the water is fed from the drum upstairs down to the basement, or the first level where they go into what they called headers.

The headers then feed all these yellow tubes that you see going up the side of your wall. Okay. Now, when I put fires into this boiler, that means I put gas and I -- I hit a spark to it and it starts burning. Now this whole room is in flame and it fires it here, it starts taking the heat from the flame and putting it in the tubes.

Q. Let me stop you for a second. Again, we're dealing with lay people here and we want to keep up to you, okay. All of this -- when you say you set a spark, this is done out of the control room, correct?

A. Yes.

Q. Okay. And that's the type of activity that occurs in a control room?
A. What activity?
Q. For example, setting the spark, if I used your term.
A. No, I set it.
Q. Okay.
A. Outside. I'm just explaining the boilers first and then we'll get to that, how's that?
Q. Okay. My apologies for interrupting.
A. I want you to understand what a boiler is.
Q. I should have known better.
A. You got to understand how it works before you can understand what I'm doing with it.
Q. I'm with you.
MR. DRIVON: Sir --
MR. OLKJER: Yes.
MR. DRIVON: Could I ask you to slow down just a little bit before you drive the court reporter crazy?
MR. OLKJER: That's all right. Sure, I will.
CHAIRMAN DUNN: Q. Okay. Go ahead, Mr. Olkjer.
A. Okay. So now we got a fire in the boiler.
As the heat is transferred from the flame to the tubes, then it starts causing that water in the

tubes to boil. Once it starts boiling, now you get bubbles in it, that's steam -- water turning into steam in those bubbles, it isn't air.

And the bubbles will rise to the top, which is at the -- in the drum. That's how come they call it a steam drum. And the drum, it separates the water from the steam and it's called saturate steam. It's wet steam. I'll explain that to you a little bit later.

And then -- then I suck it off the top of the drum and run it right back through the boiler, through what they call superheaters section. I run it through a primary superheater, which dries it out and -- but it don't have the temperature I want, so I send it back through the boiler a second time, with the temperators, I'll have to explain those to you, and we heat it up even higher so it comes out at 1,000 degrees when -- the final stage, that's main steam going to the turbines.

Q. Okay.

A. Okay. Then -- so now we understand what a boiler is. Okay?

Q. Kind of.

A. When we get to turbines, we'll explain them. Well, I mean, is that clear enough for you guys for now?

Q. Yeah. We're -- I think we're holding steady with you, so keep going.

A. Okay.

SENATOR MORROW: Full steam ahead.

CHAIRMAN DUNN: Did you two set that one up?

Wait a minute here.

Q. Go ahead, Mr. Olkjer.

A. Okay. So now let's go outside of the boiler. The CO -- let's say you are the CO and you tell me to go out and put fires in the boiler and prepare to light off. Okay. On the outside of -- now, I go out of the control room and I go to the boiler and I make sure all my drains to the boiler are open.

Once all my drains are open, I make sure that everything else is lined up, my FD fans are all checked out, my -- all the air -- valves and everything in the system is lined up.

When that's done, I go back in and tell them, okay, we are ready, you can go ahead and light off the FD fans. Those are forced draft blower fans, they are like your air conditioners, except they suck air in and blow it into the boiler so that it has air to breathe when the fire gets in there.

And so he lights those off and he -- we have air registers on the burners wide open and he's -- for five minutes, he's got to put a purge on it at over 25 percent air flow on it. That's to blow all the gases,

explosive gases or anything else in the boiler that might cause explosion out of the boiler before we even start to light off. That's one of the permissives.

Once we get that done, then he tells me to go out there and put igniters in.

Q. Let me stop you, if I can, Mr. Olkjer, because I know you are walking through the whole process.

A. Right.

Q. And I don't mean to cut you off at all, and if it's necessary to the answer, please go forward. What we're trying to zero in on, from a lay person's understanding, what occurs in the control room itself. That's really what we're headed for is if you can help us with that, so we understand what goes on in the control room.

A. Okay. We can bypass this, you can ask me later even.

Q. Let's do that. Then we can wind back to that, if necessary. Go to the control room, Mr. Olkjer, if you will, please.

A. So we are in the control room, he will tell me to put fires in it. At that time, as soon as we -- I go out and put an igniter in and as soon as I put one of the burners full flame in -- where it means it actually has got the natural gas burning and a big fire ring,

then he goes in and logs in to -- that the first fires are on, that boiler is lit.

Q. Okay.

A. And then next thing, once we do that, we go ahead -- we go ahead and bring that up, the pressure up, and we get to a certain pressure, then I go ahead and set the turbine up and get -- and make preparations to roll that turbine. And in the meantime, as I do things, I will log what I do in there.

Q. Okay. And we're going to get to -- those are the logs that Mr. Johnson identified --

A. Yes.

Q. -- towards the end of his testimony?

A. Yes. The CO has -- has his part of the log and I got my part of the log.

Q. Okay. And we're going to get to that in just a moment. From the control room perspective, that's where all of the various steps are taken that drives the entire generation capacity of a given unit or plant, correct?

A. Yes. I don't do nothing without the CO's permission.

Q. Okay. All right. And, again, I'm not getting into the relationship of CO versus ACO yet, I'll get there, but now just a generic understanding of the

control room. And that's where the actual control of the output of the generation facility is done, correct?
A. Yes.
Q. So because of what's done in the control room, we may have output at this level or down here, that's where those steps are taken, correct?
A. Yes.
Q. Okay. In normal -- under normal circumstances, how is it that the control room knows whether it should put out more output or reduce its output?
Where do those decisions come from?
A. I don't understand the question now.
Q. I'm -- let's assume I'm the CO --
A. Okay.
Q. -- of the day. All right. Now, this particular plant that we are operating has a maximum capacity of X. Okay?
A. Okay.
Q. How do I know as the control operator, control room operator, whether we should operate at its highest capacity or medium capacity or low capacity?
How do I know that when I'm standing there in the control room as the control room operator?
A. Okay. That's fair. All right. Duke or DETM, Duke Energy Trading and Marketing, will call us and tell

us what they want. Or as a rule, that's called a -- the day-before schedule. They schedule by 1800 or 6:00 p.m. in the night. They send us -- fax us a copy of -- for every unit we got, that's all four units plus the GT, what they had planned to do with it for the next day.

Q. Okay.

A. What megawatts at what hours, the whole nine yards. We -- then the CO and supervisor sets down and looks at them and sees if they can meet all the requirements, all the ramp rates, or whatever they got on there, and if they can meet them then they approve it for the next day.

Q. Okay.

A. And then at midnight that -- that sheet will take -- take precedence over the other one.

Q. Okay. And that came from, as you mentioned, I think you referred to it as DETM, D-E-T-M, Duke Energy --

A. Right, there's acronyms for everything.

Q. That's okay. Duke Energy Trading and Marketing?

A. Yes.

Q. Okay. And when you say the orders were faxed from them, was that within California, outside California?

Where did that come from, if you know?
A. Salt Lake City.
Q. Salt Lake City is where that came from. What's in Salt Lake City, if you know?
A. That's the trading market arm of the company.
Q. Okay. So to your knowledge, Duke's trading arm sits in Salt Lake City?
A. Yes.
Q. Okay. And that's where you got the instructions from or the control room got the instructions from?
A. Yes.
Q. All right. You mentioned about you get them the day before?
A. Yes.
Q. And the CO and the supervisor would examine them to determine what they would have to do with the coming day?
A. Well, they determine if the ramp rate would meet the machinery's set ramp rates.
Q. I understand.
A. If it was over that, then they'd call DETM back and tell them I'm sorry, we can't do this, you are going to have to lower these ramp rates.
Q. I see. So what you are saying is they would --

you would receive the DETM instructions, you would look at it. You guys in the control room knew what your facility was able to do that next day and you would respond yes we can do this or no we can't?

A. Yes, sir.

Q. All right. Let's assume, again we're just trying to get an understanding here so bear with us, Mr. Olkjer.

If in fact those day-ahead instructions were given you, the CO and supervisor looked at it and came to the conclusion yes, in fact, we can respond to these instructions, but during the middle of that next day circumstances change for whatever reason, I mean, would you get instructions from D-E-T-M during the actual date of operation?

A. Yes.

Q. Okay. How would that happen?

A. They'd call us on the phone and the CO or I would pick up the phone. If he's busy, I would pick it up and answer the phone saying this is South Bay Power Plant number 1 control room. And they say yes, this is DETM, Sherry, we want you to take number 1 unit from 100 megawatts to 150 megawatts at this hour.

Q. Okay.

A. And we'll meet the end hour for 1:00 o'clock

and 2:00 o'clock.

Q. Okay. And when you received that call, did that also emanate from Salt Lake City?

A. Yes, that's where DETM is.

Q. Okay. All right. So you may get calls throughout that day changing the instructions that may have been received the day before?

A. Yes.

Q. Okay. And what would happen, again, hypothetically, if you received instructions during the middle of the day from DETM that you felt you couldn't satisfy, that is, for whatever reason you couldn't satisfy them?

A. Well, we'd call DETM back and tell them that we will give you what we can, but we can't meet your ramp rate.

Q. Okay.

A. And they'd say -- and they'd say go ahead and ramp at your rate and we'll meet all the megawatts for that ramp rate.

Q. Okay. And the -- again, I'm a layperson looking in so correct me if my knowledge is way off base, which it may very well be. I would assume to make those calls from DETM to control room number 1, for example, DETM would have to have some fairly intimate

knowledge about the capacity and condition of the facility on that given day; is that true?

A. Yes.

Q. And how do they gain that information?

How does DETM Salt Lake City gain that information?

A. Well, everything we have in the control room, there's repeaters sending it to DETM and to ISO. ISO knows how much pressure, how much megawatts we got on those units at all times and so does DETM. They got recorders also recording everything we got.

Q. Okay. So DETM and ISO basically had instantaneous access to the same information you had in the control room; is that fair?

A. Yes.

Q. Okay. Would you also get instructions from ISO?

A. No.

Q. Okay. Do you know, did ISO, you know, issue instructions as well?

A. Let me put it this way: Right after deregulation, there was an order put out that South Bay Power Plant could not talk to Encina Power Plant or to ISO or Mission downtown, they only could go through their transition scheduler.

Q. Okay.
A. Because of the -- BARGA -- or some laws saying you could make deals between each other and everything. Some legality, I'm not into it.
Q. Understood. We're not asking you for that.
A. So that was the reason why we was ordered not to talk to anybody but DETM.
Q. Okay. All right. Now let's get -- and there were, if I remember the testimony of either Mr. Johnson or Mr. Edwards, I think there were two control rooms at the South Bay facility?
A. Yes.
Q. Okay. And I know that one of the witnesses testified to it, control room number 1 controlled what units?
A. 1 and 2.
Q. And control room number 2?
A. 3 and 4.
Q. Where was that smaller jet fuel unit controlled from?
A. It was down in the ground a hundred yards away from the plant.
Q. That was not controlled out of control room 1 or 2?
A. It's controlled out of 1.

Q. I'm sorry, control room number 1?
A. Yes.
Q. I just wanted to understand, so basically control room number 1 really controls three units, Unit 1, Unit 2 and the jet fuel unit?
A. Yes.
Q. Okay. And control room number 2 is units 3 and 4?
A. And the tank farm.
Q. And the tank farms as well, okay. All right. Got it.

Tell me about the job duties of the ACO versus the CO, which I know you were an ACO.
A. Yes.
Q. I'm just curious about the interplay between those two.
A. Okay. The CO has two bench boards there with all kinds of instrumentation, screens.
Q. Bench boards meaning what, Mr. Olkjer? What's a bench board?
A. It's like a desk with all kinds of instrumentation, knobs and valves so he can turn --
Q. Okay.
A. -- and push buttons. And he has monitors or gauges, some are gauges, some are monitors, he looks at

all the time. He has charts. He's got a whole wall full of charts he's looking at all the time.

Q. Okay.

A. And it's like NOX, that's NOX oxides, and they got excess 02.

Q. And when you say looking at NOX, for example, you are looking at the NOX emissions?

A. Right, blowing out the stack.

Q. Okay. Why is that important, if you know?

A. Because that's -- that tonnage, we can only put out so much tonnage and we are only required that we can only put out so much every hour and these gauges tell us how close we're getting so we can stop it.

Q. Okay. Okay. All right. Let's zero in again.

What's the ACO do versus the CO?

A. Well, let's say that you are the CO, I'm the ACO. I am your legs, eyes and feet, arms because you cannot the leave the control room so you can't go out there physically and see what the problem is with a piece of equipment, if you are smoking, other than what the instrumentation says.

I go outside the control room, I go open a valve, close a valve, push buttons out there or any other problem you got outside that control room, I do all that.

Q. Okay. So the CO basically is -- must remain at the controls itself?
A. Yes.
Q. All right. And you -- I'm putting it in lay terms, Mr. Olkjer, you basically do everything else?
A. Yes, I'm the gofer for him.
Q. Okay. That's the description we can understand. In that process we've already had Mr. Johnson talk about the logs, correct?
A. Repeat.
Q. I'm sorry, Mr. Johnson talked before we took the lunch break about the logs, these things --
A. Yes.
Q. I know he identified them briefly, but tell us what exactly are these logs.
A. These logs are operating logs for Unit 1 and 2.
Q. Okay.
A. These are logs that I and the CO will fill out starting at midnight going through for a 24-hour period.
Q. Okay. And what's the purpose, if you know, of maintaining these logs?
A. There's a federal law that we must maintain these logs.
Q. Okay. And what's reflected in the logs, not these specific ones, we're going to get to that in just

a moment, but what is it you are required, to your knowledge, to record in these logs?

A. I'm supposed to -- according to instructions I read, anything that pertains to your job, like putting the boiler feed pump on, taking the boiler feed pump off, doing your equipment checks.

Q. Okay.

A. Or any other unusual or out-of-normal items should be logged in the log.

Q. Okay. Is part of the entries in the logs the instructions you received from DETM?

A. Yes.

Q. If DETM hypothetically calls at 2:00 o'clock in the afternoon and gives a certain set of instructions, under normal circumstances, are those to be recorded in the log?

A. Yes, sir, recorded in the log and also called to the supervisor.

Q. Okay. When you say "called to the supervisor," what does that mean?

A. Means that we call up the phone, dial it to him or page him and ask him to call us and to let him know that DETM required us to change positions.

Q. Okay.

A. See, we're required to meet their -- their

daily status sheet for megawatts the day before log if we can. If we miss it by a megawatt, the CO and ACO are reprimanded for it.

Q. Explain that. What does that mean, if you miss by a megawatt? What do you mean?

A. It means -- let's say they said they want 150 megawatts right now.

Q. Okay.

A. And I got 149 megawatts, then the supervisor will come in there and chew us out for -- and ask us why we didn't have 150 megawatts, because they are being fined for that one megawatt.

Q. Okay. And kind of -- your -- your paper trail is the log?

A. Yes.

Q. Okay. And who, under normal circumstances, makes the entry in the log?

A. The CO and the ACO.

Q. And the ACO. So I believe some of the entries that we're about to look at were made by you, correct?

A. Or other ACOs.

Q. Other ACOs. Okay. But just a normal employee isn't usually entering -- making entries into the logs?

A. No.

Q. Okay. ACO or CO are, generally speaking, the

ones who will make entries in the log?
A. Yes.
Q. Okay. All right. After you have completed a daily log, where does it go?
I mean, what happens to it?
A. It stays in the control room for a month.
Q. Okay.
A. And at the end of the month, we bundle up that month's worth of logs and send them over to the main office.
Q. Okay.
A. Where it goes into their -- into their log room.
Q. There's an actual log room?
A. Yes, all the -- all the charts that they are required to keep, everything they are required to keep by law is kept in that log room.
Q. Okay. All right. So that -- and to the best of your knowledge, I know you haven't been there since April, at least I understand, that log room is still maintained?
A. When I was there, that was still maintained. Now...
Q. And I would assume -- does that have logs prior to the Duke ownership of the plant?

A. Yes, I believe that these logs are kept for three years, maybe longer.
Q. Three years?
A. I know the minimum logs were for three years.
Q. Okay.
A. And the maximum was like 10 years.
Q. Do you know if I wanted, hypothetically, a log from 1988 -- well, 13 years ago -- would that still exist, to your knowledge?
A. I don't believe anything over 10 years are ever kept.
Q. Okay. And I know that's not your area of expertise, Mr. Olkjer, I was -- I was just curious. I'm about to start getting into the logs that we -- that Mr. Johnson brought to us today.

But before I do that, you heard Mr. Edwards' testimony, Mr. Johnson's testimony about a change when it moved from SDG&E to -- to Duke and kind of a changed atmosphere. Were your findings any different than what you heard Mr. Johnson and Mr. Edwards testify to?
A. No.
Q. Okay. Did you hear the same statements that Mr. Johnson and Mr. Edwards testified to?
A. Yes.
Q. And also from Mr. Guthrie?

A. Yes.
Q. Did you -- were there other management-level people or above that you heard similar statements from?
A. Well, that part of it we don't get -- see, I'm an operator so that's swing operations.
Q. Okay.
A. So at this point, okay, an operator works from 0700 to 1500 or 3:00 o'clock p.m. Then he's -- he only works eight straight hours, no lunch breaks -- no lunch breaks, no breaks at all because he's got equipment running. He can't take breaks, you do it on the fly, if you get to eat at all.
Q. Okay.
A. And then at 1500 a new shift will come in and take over from 1500 to 2300, or that's 11:00 o'clock p.m. at night for -- for you guys. And at that time another shift will come in and take over from 2300 to 0700 in the morning, and that's what these logs are telling us.
Q. Okay.
A. Okay. Now so when they say all hands, operators are not part of the crew. They're -- they're -- because they are operating, they cannot go to these meetings, they can't get to these lunches or these parties that they throw because you have got one crew on

and the other two crews are at home trying to get rested and get ready to come back to work.

Q. So you didn't get to go to the parties?

A. No.

Q. I won't make any editorial comments, Mr. Olkjer, I might get another letter from Mr. Smutny-Jones, and I don't want to do that.

What I want to do, Donna, if you would bring up number 1, page 1. What I'd like to do, Mr. Olkjer, is we're going to bring up on the screen the log pages that we have here today. I believe you also have them right in front of you as well. I'm not going to try to make you squint and read what's on the screen.

A. I just want to make sure that was the same page as I'm looking at.

Q. We think so. There should be 0001 at the bottom, which should correlate to what we have got here.

A. Okay.

Q. We think we have got them correlated, Mr. Olkjer, so that I think you can refer to the ones that are there in front of you.

Again, I don't want us to take an hour walking through every single entry here because I know some of them probably are of no real relevance to us, but can you just briefly walk us through page 1 here and tell us

what's here, what is this?

A. Okay. Let's start at the very top there. You will see it says Unit 1, number one shift, that means the graveyard shift, that's from 2300 to 0700 o'clock in the morning.

Okay. All this up -- top third of it is nothing but information that -- like air meter readings at that time, watt hour -- megawatt hours for Unit 1, megawatt hours for Unit 2. That's how much megawatts is on their recorded at that time. And they'd take last night's recording hours and subtract them from these and that would tell you how much megawatts they made for that day for that unit.

Q. Okay. Say that again, what two numbers do you need to --

A. Just that one -- lets say Unit 1.

Q. All right.

A. Megawatts. That one right there.

Q. That one right there, yes.

A. That's a megawatt on their indicator -- on their gauge -- just like a gas meter reading or an electrical reading at your house.

Q. Yes.

A. We got readings like that and that's what that number is.

Q. Okay.

SENATOR BOWEN: Senator Dunn, if I might.

CHAIRMAN DUNN: Go ahead, Senator Bowen.

SENATOR BOWEN: Sir, is that the accrued number of hours that the unit has run, the number of hours the unit --

MR. OLKJER: It's just like the one -- when you take your electric readings for your bill, it's the same -- so it ain't accrued, it's actually how many hours of megawatts.

SENATOR BOWEN: Right.

MR. OLKJER: It put out for that day.

CHAIRMAN DUNN: Q. For that day?

A. Well, but you have to subtract last night's from this.

Q. Okay. There we go. And where is that number? Is that number on here?

A. Eventually I'll show it to you.

Q. Okay. Fine.

A. And then you do it -- then you do it the same with 2.

Q. Let me stop you for a second. I'm being told by Special Counsel here -- can you put up at the same time page 4, Donna, which I believe has that follow-up number, if I'm not mistaken.

Okay. What we have just put up there, Mr. Olkjer, is page 4, which we understand to be the last page for January 16th, okay, which is the same day as page 1.

A. Okay.

Q. Now, she's drawing up -- Donna, you are very talented.

A. I'll say.

Q. None of the rest of us could do that. Those are the two numbers you're talking about, right?

A. Yes. See, that one says -- let me look on here and see what you are doing.

Q. Yeah, probably better that you zero in on that one.

A. Yes. If you subtract page 1 from page 2, you get that megawatt hour, how many megawatts.

Q. I'm -- that's page 4 -- because that's actually page 4, but that's okay. I just want to make sure our record is clear.

If we subtract page 1's number from the number on page 4, we get your output of that day.

A. It says 931923, right?

Q. Yes, sir.

A. You subtract that from 928734 --

Q. We get the output of that day for unit 1?

A. Right.
Q. Okay. Understood. Okay.
A. And if you -- if you follow me down --
Q. You are back to page 1?
A. Yes.
Q. All right. And while you are pausing, Mr. Olkjer, one second. I believe -- where did Rhonda go, is she still here -- that we had several copies of these that were here. They are still sitting, some right over here. If there's anyone who would like copies of what we're looking at, they are sitting right over here so...
Okay. Mr. Olkjer, go ahead.
A. Okay. If you go to line 6 it says "net generation."
Q. Line 6?
A. Line 6, right there.
Q. Yeah, we're with you.
Thank you, Donna.
A. Okay. That's the total megawatts for 1 and 2 for the day and the GT.
Q. Okay. So if I understand now, we're on page 1.
A. Right.
Q. That shows 5047.
A. Right.

Q. That's the megawatts for the day for Unit 1 and 2?
A. Yes.
Q. Okay.
A. And that's counting the GT, which is straight across from it.
Q. Yes, I see that.
A. The GT watt hours, and that tells you that -- so the same way, you subtract that from the night -- the previous night and you do that and you add it to the rest of it.
Q. Right there, those two numbers she's just highlighted?
A. Right.
Q. Okay. And we can get the same number for that given day?
A. Right.
Q. Okay. All right. Okay. Let's go back to page 1.
A. Now, remember this -- if you did it, it won't come out the same number as I got there.
Q. Okay.
A. Okay. Because what they did is took everything above you now, let's go back up to the first two lines -- not first two -- the second one and third line.

Q. Yes, sir.
A. The one down right there. Those two lines there.
Q. Yes, sir.
A. See, those -- those says B -- G north, G south, B north and B south.
Q. Yes.
A. Okay. And the one above it.
Q. And the one above it, yes.
A. Okay.
Q. Unit 1 and Unit 2, right.
A. This is the useage our auxiliary equipment is using right now.
Q. Okay.
A. So we take these numbers and do the same things we did before, that gives us how much usage we got for each unit for that day. And then we take that number and subtract it from the overall. When we are done with all that, we get -- end up with that much we sell.
Q. Let me state it in lay terms, make sure I understand this. What you basically did is also generated your own electricity for running the facility?
A. Yes.
MR. EDWARDS: Right.
CHAIRMAN DUNN: Q. And you had to extract

that --

A. Right.

Q. -- to get the number you actually put out so -- in the market, so to speak?

A. So we sold 5,047 megawatts.

Q. Okay.

A. For that day.

Q. Got it. Got it. You actually educated us lay people here, Mr. Olkjer. Okay.

And, Donna, your talent is, again, amazing. Okay.

A. Okay. So you could do the same thing with your house, if you wanted to see if the gas company is billing you right.

Q. Right.

A. You look on your bill and they will tell you what day they come -- the meter reader comes around and gets your number. You take that number and then you get the next bill when it comes and get -- they will tell you what the reading was. You subtract it from the previous one and it should come out, when you are done doing the math, it should come out the same as what they charged you.

Q. Understood. With the only exception that unless I have solar panels on the roof, I'm not

generating my own electricity.

A. But if you have solar panels, then you are not using that energy.

Q. Ah, that's a good point. That's true, too. Okay. I didn't want to get off into that, Mr. Olkjer, my apologies. Okay.

Keep walking us through. Let's go back to the full page 1.

A. Okay.

Q. Let's have Donna get us back there. Okay.

A. Okay. Just below that you will find that line contains the gas turbine.

Q. Okay. That item that says "fuel" there?

A. Yes.

Q. Okay. What's "INTG" stand for?

A. Fuel integrator.

Q. Okay.

A. Just like electric integrator reading that you get your reading for your electricity at the house. That just tells them how much natural gas they used to start the generator.

Q. Okay.

A. Because it's started on natural gas because of the pressure and then it's converted to jet fuel.

Q. Okay.

A. The next level tells what the tank level was. It was 18 feet, 10 inches.
Q. Okay.
A. Then the next says -- is, Number 1, CEM, and that's NOX control emissions, continuous emission monitoring.
Q. Okay.
A. And they always got to be in there, if they are not, then we have got to call somebody out to fix them, and in the logs later we'll call them out and do it.
Q. Because of the limitations on the amount of emission, NOX emissions you are allowed?
A. Well, because what we fined, if these are down and we don't call somebody out and call a breakdown on it.
Q. Understood. And if they are down, what that means is the NOX emission can't be monitored?
A. Right.
Q. All right.
A. And that's what the next two lines tell you.
Q. Okay.
A. The next line down below it says "ammonia tank levels."
Q. Yes, sir.
A. That's what our catalytic converters are run

off of there, or our SCRs.

Q. Okay.

A. They spray ammonia -- alcohol ammonia, that's half water and half ammonia.

Q. Okay.

A. It's diluted ammonia and it's sprayed into a grid was inside the stack -- just before it goes out of the boiler into the stack.

Q. Okay.

A. When it's -- and it knocks the oxides down.

Q. Understood.

A. So when it goes out the stack you don't have the acid rain.

Q. Okay. And the next two lines, integrators.

A. Which one are we -- oh, okay, next line.

Q. Yeah.

A. Okay. This is a -- now these next two lines are gas for the boilers, oil for the boilers, and if we started or are on the line or not.

Q. Okay.

A. That's -- that's the same thing, integrator readings from -- and you do the same thing from the night before to this time.

Q. Okay.

A. And tells you how much gas you used for the

night, if you want to know.

Q. Okay.

A. And if you go all the way over to the end it says "start up gas." Before we can start a unit, we have got to call gas control and tell them we're going to start on gas and we'll be using start up gas, because it costs us more for it.

Q. Okay.

A. And then -- then they will put down what time they started and what time they ended.

Q. Okay.

A. And then they will put the total there of how much gas they used.

Q. Understood. Okay. Now, let's go back to the full page, Donna.

I assume where she -- where Donna has the arrow next to 2300 -- 2300 refers to, I think we probably all know, but let's just make sure. What is 23 --

A. It's 11:00 p.m. at night.

Q. Okay. And do all of the logs start at 11:00 p.m. for a given day?

A. All of the graveyard logs start at 11:00 p.m.

Q. Okay.

A. That's when the shift changes.

Q. Okay, that 11:00 p.m., is that 11:00 p.m. on

January 16th or 11:00 p.m. on January 15th?

A. 11:00 --

Q. This log is dated 1-16-01?

A. Right.

Q. The first page we're looking at, 2300 hours is 11:00 p.m.?

A. On the 15th.

Q. So actually this -- the 16th log starts at 11:00 p.m. on the 15th?

A. Yes.

Q. There we go. Okay. All right. Just wanted to make sure we understood. Okay.

I'm assuming, it seems pretty obvious, this is where you start making your entries on these shifts starting at 11:00 o'clock, correct?

A. True.

Q. Okay. And, again, I'm not wanting us to sit here all afternoon going through every single entry, just walk us through here and -- and pick whichever ones you think are important for us to know with respect to what occurred with this facility on the 16th.

A. Okay. Start with line 3.

Q. One, 2, 3, that's 2350.

A. 2350, Unit 1 starts ramping up to 121 megawatts per DETM.

Q. Okay. And when you say "per DETM," that's the phone calls you are referring to that says -- or is that the instructions that you got?
A. One or the other.
Q. Okay. But this doesn't reflect which one it was?
A. No.
Q. Okay. All right.
A. See, if -- if it's off the log, and this -- I'll just tell you, it says at 2310, it was off the log because 10 minutes before -- most of the time, most of our ramps are 10 minutes before the hour.
Q. Okay.
A. We start ramping up to meet that at the hour.
Q. Okay.
A. For midnight.
Q. All right.
A. So since he started at 10 minutes to the hour, I'd say he's coming off his log sheet, his night-before log -- the log for that day. He had to be 121 megawatts at midnight so he started ramping up so he would be there at midnight.
Q. Okay. All right. And when you say ramp up to 121 megawatts net, right?
A. Yes.

Q. Okay. "Ramp up," I'm assuming, obviously, power up to the point where you are generating 121 --
A. Yeah, it's just like stepping on a gas pedal and speeding up.
Q. Okay. All right. So we're pushing the gas pedal, we're moving up --
A. Yes.
Q. We're increasing the output?
A. Yes.
Q. All right. It says "121 megawatts net." What does that mean?
A. Well, there's a gross and there's a net. Gross is what all of our instrumentation reads, because at one time everything was gross, but -- but after we -- but the difference between what we put out and what actually gets into the system -- I am not real up on it, I don't think anybody there was -- is the difference is a net, it's about 10 megawatts' difference.
Q. Okay. So in other words, if you want 121 net, for various reasons, you are going to have to produce something above 121 to get the 121 net?
A. Yes.
Q. Okay. And it may be because you are also drawing power yourself from the output, for example?
A. Well, that's what we assume but, I mean, nobody

was clear where it comes from.

Q. Nobody explained that to you?

A. Right.

Q. All right. But it makes sense based upon what we talked about before?

A. (Witness nods head)

Q. Okay.

A. Yes.

Q. All right. Keep us going --

A. Yes.

Q. -- here. Are there other entries that are of particular note, in your opinion?

A. Well, if you notice 15 minutes later or 005, five minutes after midnight, the unit was ramped right back down to 134 megawatts.

Q. Down to 134, but we only went up to 121 at 2300.

A. Well, so we are still ramping up, okay.

Q. So actually, at least from the layperson's perspective, it looked like they were ramping Unit 1 up?

A. Yes.

Q. Right?

A. Yes.

Q. Okay. All right.

A. And 2 this time -- now 2 is on the move.

Q. Does this mean -- is it fair to conclude that prior to 005, Unit 2 was not putting any output out?
A. No.
Q. If I said that right.
A. What it means is we don't know where they had -- where 2 was setting at at the time.
Q. Okay.
A. And it could very possibly have been sitting at 30 megawatts.
Q. Okay.
A. That's minimal. That's where we go down at night, around midnight like this, we usually go down to a base load, which is 30 megawatts on these units.
Q. Okay. All right.
A. For some reason on this log we're not down, we're running all over the place with it right now.
Q. Okay. All right. Keep us going, Mr. Olkjer.
A. And you can see it says per DETM again, then five minutes after that, Unit 1 goes 147, so we're still going up to the top.
Q. Okay.
A. And Unit 2 goes to 72, so it's on its way up yet.
Q. Okay.
A. Then at 0107, Unit 1 goes 146 megawatts, so you

dropped a megawatt. And actually 147, 148 you are at the top end of that, that's topped out now.

Q. Okay. Let me ask you a question. Just based upon your experience, Mr. Olkjer, we're now around 1:00 a.m., right?

A. Yes.

Q. Is this kind of ramping unusual in your experience at 1:00 a.m.?

A. Yes. Usually we're down at 30 megawatts right now.

Q. For which unit?

A. All of them.

Q. All of the units. So now we're in excess of 100 for Unit 1 and we're approaching 100 for Unit 2?

A. Yes.

Q. Okay. I don't want you to speculate. Do you have any idea why on this given day at 1:00 a.m. we're at that level?

A. No.

Q. Okay. All right.

A. And you will see that 2 now is at 80 megawatts.

Q. Yes, sir.

A. So it's still moving up.

Q. Okay.

A. Then at 1:28, about 20 minutes later, you see

that 1 is still dropping. It's at 121 now.

Q. Yes, sir.

A. And 2 is at 40, so now it's coming back down.

Q. Okay.

A. And then you see at 2:00 o'clock -- 2:08, 1 and 2 back to the scheduled load, that means 30 megawatts.

Q. And scheduled load, that means what the instructions were on the day before?

A. For that hour -- that shift, yes.

Q. Yes, correct, that's what I mean.

When you say scheduled load, you are referring to those instructions that were faxed from DETM that you referred to earlier?

A. Yes, on the 15th.

Q. Okay. All right.

A. So -- so at 4:05 in --

Q. Let me pose a question to you. The day-ahead instructions that you referred to before, do they generally have 15-minute increments to them about ramping up and ramping down?

A. They can.

Q. Okay.

A. But I'm saying, you look at and then that they will tell you when -- what they want at different times for the whole day.

Q. And will they do that under normal course at 15-minute increments when you get the day-ahead instructions?
A. No, usually it's per hour.
Q. There you go.
A. Every hour for the 24-hour period.
CHAIRMAN DUNN: Okay. Mr. Drivon.

EXAMINATION

BY MR. DRIVON: Q. Yes, sir. If -- if the schedule is being followed, there wouldn't be any reason for DETM to call and give you a special instruction; is that correct?
A. That's correct.
Q. So when we see "per DETM" on here, that means there's a variation from the published schedule; is that correct?
A. No.
Q. Okay. What's it mean?
A. It means that we're following either the -- the megawatt sheet for that day, or DETM called.
Q. I understand.
CHAIRMAN DUNN: I think that was the question.
MR. DRIVON: Q. But if -- let me be sure I'm straight. If you are following the megawatt sheet, then

you wouldn't need an instruction from DETM, would you?
A. Well, when we make the change, we still say "per DETM."
Q. Oh, I see.
A. DETM still ordered us to make a change.
Q. Got it.
A. From one megawatt to another one.
CHAIRMAN DUNN: But it may be off an instruction sheet or may be due to a phone call?
MR. OLKJER: Right. As a rule, though, when they would call, not everybody, but you will see people tell you who called them like Sherry, Ed, George and you will see it further in the log.
MR. DRIVON: Q. Well, if we look at 0450, for instance. That isn't the one, 0405.
A. Okay.
Q. It says "DETM called." That would mean that you got a verbal instruction from DETM --
A. Right.
Q. -- for that particular one, that wasn't scheduled?
A. No, it wasn't.
MR. DRIVON: Okay.

EXAMINATION

BY CHAIRMAN DUNN: And, again, just trying to understand the different terms her, Mr. Olkjer, for us.

Q. When you change the output because of the day-before instructions, wouldn't that be listed as, you know, Unit 1 at X scheduled load or scheduled load is just the 30?

A. Yes, but it's easy just to say per DETM.

Q. Okay. Got it. Understood. Now we're just -- sorry to kind of split fine hairs here, we're just trying to gain an understanding.

Okay. Keep us going. We were at 0208.

A. Yes. At 4:05 it says "DETM called," now that tells you we picked up a phone call from them.

Q. Okay.

A. And it says notified us of gas -- "Possibility gas curtailment, approximately one hour. Supervisor notified."

Q. Okay.

A. That's telling me that DETM called and said that you're going to lose your gas or lose a bunch of it, to get your oil guns in and get ready to go to oil.

Q. Okay.

A. That's a heads up they give us so we can make preparations to get these units ready for -- go on oil.

Q. Is that an unusual act?

A. Yes.
Q. It is an unusual act?
A. Yes.
Q. Okay. And what would cause it, if you know?
A. Southern Cal Gas might have decided to cut them off of gas. There might be a gas station which pumps the gas down the line, it might be -- have a problem with one of their pumps and so your gas pressure will drop.
Q. Okay.
A. We don't know. They don't tell us that.
Q. But it was generally not a usual event?
A. Right.
Q. All right. Okay.
A. And it takes about an hour, hour and a half to get one of these units up and ready to go to oil.
Q. Okay. All right.
A. Okay. At 0550 now, Southern California --
Q. Mr. Olkjer, let me stop you for a second, I'm just curious, very last notification, excuse me, entry on 0450.
A. Okay.
Q. It says I slash S notified. What's that refer to?
A. I slash O notified -- oh, that's SS.

Q. Okay, it is. My mistake. All right.

MR. EDWARDS: Supervisor.

MR. OLKJER: And just before that it says one hour. "HR" stands for hour.

CHAIRMAN DUNN: Q. Okay. And what does that mean?

A. It means they notified us an hour before they were planning to cut gas.

Q. And what does the SS mean?

A. Supervisor, shift supervisor.

Q. That's what we thought, but I just wanted to make... Shift supervisor. Okay. I'm sorry, I interrupted. You were at 0456.

A. Okay. It says "Bob from Southern Cal Gas called and notified us we are in standby for curtailment."

Q. Okay. I'm sorry, we're at 0450. Okay. I'm sorry, all right.

A. It's the same thing, but now he's telling us that it's -- we have got to be right -- we have got to be ready to go because it could go anytime.

Q. Understood.

A. And by that time we have already got everything ready to go.

Q. Okay.

A. That means that the oil guns are in and we got purging cooling steam on the guns to keep them cool because there is -- nothing else is going through them, so they would get overheated, otherwise they melt out on us.

Q. All right. Keep going.

A. And if you are reading the 556, that's what I was telling you, you got new oil guns are in and the new gaskets are installed and everything is ready to go.

Q. Okay. I don't think we need to spend much time on the fact that Mr. McDonald called in sick.

A. And if you see AR on the side, that's all it is --

Q. I did see that.

A. You will see it sometimes when he recovers, too. That's just our way of monitoring it because operators are a special breed. We can call anytime sick, but before we can call in to come back to work, we have got to call in eight hours ahead of time to -- so we won't have somebody else scheduled in to take our place.

Q. Okay. And what's the AR stand for, then?

A. Absence report.

Q. Okay.

A. So you will see it on both ways because I have

to call in eight hours before I come back to work.
Q. Okay. All right. We'll skip Mr. Tysick called in for overtime. We'll skip that Mr. Davis called in, won't be in today. Six minutes after 6:00, bottom line.
A. 0606, Unit 1 is now starting to ramp back up to top end.
Q. Okay. What is top end, from your understanding?
A. 148 megawatts on 1.
Q. How much?
A. 148.
Q. 148 on 1. So we're up to 146, we're pretty close. Okay. And the next page?
A. Unit 2 now has been moved back up to 136 megawatts.
Q. And what's maximum to your understanding of Unit 2?
A. 150.
Q. All right. And then we go up to 149.
A. So we're at the top end now on it.
Q. And, again, based upon your experience, we're dealing about 6:00 a.m., 6:30 a.m. we now have Unit 1 nearing its capacity, we have Unit 2 nearing its capacity. Is that unusual?
A. No.

Q. Okay. So 6:00 a.m. you would expect to see that?
A. Yeah, because everybody is starting -- all these big companies are starting to have their maintenance crews come in and warm all their boilers or their presses or whatever it is so for the day shift can take over when they get in and start doing their job.
Q. So not unusual entries there?
A. No.
Q. All right. Now, we have got Harrison signed, I'm assuming he's ending his shift and we're moving over to another operator?
A. Yes.
Q. Okay. And we continue on the same day starting at 7:00 a.m., correct?
A. Correct.
Q. Okay. There's a number -- before we get to that line of 0700, the line just above it says number 2 something?
A. Shift.
Q. Okay. There we go. So we are in the second shift?
A. Right.
Q. All right. Understood.
Keep us going through.

A. Okay. Then again, that first -- 0700, just a new supervisor -- CO doing his routine equipment checks and logging everything in like he's supposed to, letting you know that everything is okay.

Q. All right. Now, to your knowledge, your experience, no unusual entries there at 7:00 a.m.?

A. True. Nothing is out of normal there.

Q. All right.

SENATOR MORROW: Mr. Chair, can I ask for a clarification?

CHAIRMAN DUNN: Yes.

SENATOR MORROW: Can you tell me what off AGC means that was in the previous one, the very first entry, 2300?

MR. OLKJER: Yes, I can.

SENATOR MORROW: What is that?

THE WITNESS: It means automatic controlled -- automatic generation control.

SENATOR MORROW: What is that, then?

MR. OLKJER: That means that ISO can run it. We can set back, we monitor the boilers and the temperatures and the pressures and all -- everything to keep the boiler in line with environmental requirements, but ISO runs the megawatts up and down as they see fit.

SENATOR MORROW: So at the entry that we're

looking at at 0700 where it says -- I can't read it all, something off AGC, does that mean that it's off automatic control at this point, you are assuming control there at the plant?

MR. OLKJER: Yes.

SENATOR MORROW: So previous to 700, it was on automatic control?

MR. OLKJER: No.

SENATOR MORROW: Okay. I'm confused.

MR. OLKJER: All he's doing there, he's -- he's taking over the watch, he says 1 and 2 units are on line, gas fuel, off AGC, it means that we're not automatic control so emission ain't handling -- or ISO isn't handling it, we're handling it.

SENATOR MORROW: So it's just a statement of the status at the moment?

MR. OLKJER: Yes.

MR. EDWARDS: DETM was handling it.

SENATOR MORROW: Okay. I got it.

THE WITNESS: Because if you look up there before, they are ramping it up at the time.

SENATOR MORROW: Okay.

CHAIRMAN DUNN: Q. Okay. Let's go to 21 minutes after 7:00 a.m., per DETM, what does it say?

A. Per DETM, ISO declares a stage three alert.

Q. Okay. We have got a stage three alert declared at 21 minutes after 7:00, or at least you have been advised of it at 7:21. Unusual?
A. Yes.
Q. Okay. So it's not normal under your circumstances that you'd get notification of stage three at that hour of the day?
A. No. We usually don't get stage threes at all or stage twos, and sometimes only stage ones.
Q. Okay. All right. And I think everybody is aware. Do you have a general understanding what a stage three alert means?
A. Stage three alert, no, I don't have any.
Q. Okay. We won't drag you there. Don't worry about it, don't worry about it. Okay. Four minutes after that entry, 7:25. What's that entry?
A. It says number 1 to 134 megawatts per DETM.
Q. Okay. If I'm looking at this correctly, the last Unit 1 entry was at six minutes after 6:00 and it is stated that it was at 146 per DETM, correct?
It's on the page before, previous page, bottom of the page.
A. Right there.
Yes, 146. Top end.
Q. Okay. So this 7:25 entry, to the best I can

determine, is the very next Unit 1 entry?
A. That's correct.
Q. So four minutes after you are notified of the stage three alert, Unit 1 is reduced from 146 to 134?
A. That's correct.
Q. Is that unusual in your experience, Mr. Olkjer, when there's a stage three alert?
A. Yes.
Q. Okay. And why so?
A. Well, stage three must mean it's very important to have the megawatts up there because we're getting low on them.
Q. Uh-huh.
A. So to take the megawatts off and reduce megawatts means that somebody else is filling in for them, or they are just reducing the megawatts so they can raise the price.
Q. Okay.
A. That's my own opinion now, nobody else's.
Q. I understand that, Mr. Olkjer. I understand. And we understand you were not in the pricing business, you are just making your observations. We understand.
Okay. The 750 entry, what's that?
A. Just a second. But we got to also look at the big picture on this. We only have one entire line going

over the Grapevine to -- up here, up north from there so if it gets full, then we can't put any more into the system anyway.

Q. Right.

A. And so I don't know what the picture there is.

Q. I understand.

A. So it --

Q. And it's an area we will be exploring.

A. It could very well cause us to run -- back off on our units, I don't know. You see what I am saying?

Q. I understand, Mr. Olkjer, and we --

A. I'm just letting you guys know, though.

Q. And we appreciate your openness on that and we will be looking at that aspect of it to see, as I have said from the beginning, if there is legitimate explanations to some entries that might at first blush appear to be unusual, so...

Okay. Keep walking us through there. Are there other entries that you find of particular note?

A. Well, yes. It says here at 0800, number 2s east and west SCR in service, ammonia flow was in manual, usually in auto and controlled by the boiler, but for some reason the automatic features are not working on that so now --

Q. Would that have some practical impact on output

of the plant?

And we're trying to understand this from -- would that entry mean something is happening to the output of the facility?

A. No. It's -- it's affect on the boiler, which will affect the output.

Q. Okay.

A. By the fact that now you are in manual, the boiler cannot change rapidly.

Q. Okay.

A. Without violating NOX. And so now the CO probably will have to limit that -- limit that unit for awhile, he's changing the -- as he ramps up so he don't violate NOX.

Q. Okay.

A. He might have to stop it periodically as he does it so NOX don't get violated.

Q. Okay.

A. Because now he's in manual on this, he's got to maintain it.

Q. All right. Keep us going.

A. Okay. At 0810, Unit 1 to 146 megawatts per DETM.

CHAIRMAN DUNN: Senator Bowen.

SENATOR BOWEN: May I ask you a question about

the SCR -- the ammonia flow in manual. There is no indication here of why that happened. Would you typically record why that happened or -- you have recorded that it happened, but not the reason.

MR. OLKJER: Well, evidently when his automatic controller went out, he -- he started violating so he got busy and -- if -- it's very touchy, I mean, you got five or six pieces of equipment moving at the same time with it. When you have to stop it, now you got to grab everything else and stop it, also. And this is what we are talking about.

Since his ACO wasn't there to log this stuff in as it went, he may not know what went wrong with it. And by the time he got there, he -- he may not remember exactly what caused it so he just logged what he could remember.

SENATOR BOWEN: So there is no way to tell from this what happened to a particular -- you just log that something happened, but not necessarily why it happened.

MR. OLKJER: Well, again, everybody is different. They are supposed to log everything, but do you ever log everything all the time? No.

SENATOR BOWEN: Me? Every time.

CHAIRMAN DUNN: I detect some sarcasm there.

MR. OLKJER: But you can understand what I'm

saying. So that's what I take it that's what happened.

SENATOR BOWEN: Okay.

CHAIRMAN DUNN: Okay. Again, Mr. Olkjer, keep us going on entries --

A. Okay.

Q. -- of particular note to you.

A. Okay. Now, if you notice at 810, 1 went back to the top.

Q. Okay.

A. Per DETM. Five minutes later, 1 was cycled right back down.

Q. Okay.

A. So you can already see that they are starting to seesaw this thing or yo-yo it --

Q. Yes.

A. -- this early in the morning.

Q. And the fact that these are coming five minutes apart, 8:10 to 8:15, I'm going to make the assumption, correct me if I'm wrong, Mr. Olkjer, that that was not part of the day-ahead instructions?

A. True. I wouldn't know, but as I say, some COs log called or per -- you know, and some people don't. And some people put the name -- the caller's name in and some don't.

Q. Right.

A. Everybody is different.
Q. I just mean that the day-ahead instructions I would assume wouldn't be at five-minute increments?
MR. EDWARDS: Right.
MR. OLKJER: No, I wouldn't either. But I'm saying they are hour increments, there is a log somewhere with that on there.
CHAIRMAN DUNN: Q. Okay. Which, by the way, raises a question, Mr. Olkjer. Let me stop for a moment. Are the faxed, written instructions that you referred to as the day-ahead instructions retained, to your knowledge, so that if we wanted to gain access to those that we would be allowed -- they are maintained somewhere?
A. Yes, they are -- if they are on our computers, that means DETM has got them in their computer banks. Also, there's a copy of it sent to the shift supervisor because there's a copy sent to the operating shift supervisor and a copy sent to the plant manager.
Q. Okay.
A. Now what they do with theirs, I have no idea.
Q. Okay. All right. But you raise a good point, if I wanted to get those I would expect, since they came from DETM, we can go to DETM and see if they retained them?

A. Yes.
Q. Okay. Great. All right. Back here to this particular page, again, entries that are of note to you.
A. At 0906, 1 went to 146 per DETM.
Q. Okay. I'm just curious on the 8:30 Unit 1 a.m. at 7.17 at 144. What does that mean?
A. Those are air meters.
Q. Okay.
A. Those are -- those is actually what -- now like Glenn was talking about earlier, so you can have a better picture, this is a piece of equipment with that vacuum breaker he was talking about that was leaking on him and he tore it apart and put back together and it was still leaking, that means -- a condenser is under a vacuum.

We can never get 30 inches of vacuum, which is complete vacuum. We can get up to 29 inches of vacuum and more, that's -- the higher the vacuum, the less back pressure in the system, which means that the -- the more efficient the unit is operating.

And what it's doing, it's actually sucking that steam through the turbine down into this area here under vacuum and is condensed. Like you say, when CW pumps -- pumped that salt water through the radiator, then the steam comes around the radiator and condenses into water

into a holding tank below it. And this is all under a vacuum, and that vacuum breaker he was talking about is only open when we take the unit off and break vacuum so they can work on it.

Q. Okay. All right.

A. So that's all we're doing, trying to monitor how much air leakage we got into these condensers.

Q. Okay. All right. You were at 906, you talked about 146 -- number 1 at 146 at 906, sorry for all the numbers there. Keep us going. Any other ones of note here on this page?

A. Evidently they moved and they didn't get it logged in, because if you look up here at 810, they were at 146. Now they are back to 146.

Q. I see. So there may -- well, now wait a minute. The very next entry, 8:15, they went down to 138.

A. Okay. So they did -- now they are back up.

Q. They got it. All right. Understood. Okay. Let's go to 1010. What does that mean?

A. Again, we're going back to the -- getting your oil guns in there and everything. They finally got the oil guns in and they are setting -- they finish setting it up and they got -- it says cracked open Unit 1 and 2's atomizing steam, purging cooling steam in

preparations to go to oil.
Q. Okay. I thought that one made sense, I was at actually the next one, 1010.
A. Okay. This is DETM's pager. This is just like pagers you guys wear on -- we got one in the control room, it sits there and we got a monitor to check it to see if it is working in case the telephone system and all the other systems fail us, they page us and let us know that they're -- they're trying to get ahold of us.
Q. Okay.
A. And this is notifying the supervisor that the pager went down and they need new batteries or something else caused it to go down.
Q. All right. Got it. It wasn't working. And 20 minutes later it's back up and running?
A. Right.
Q. All right. 1040, number 1 is at 134 so we have actually gone back down from 146?
A. Right. So now we're yo-yoing again.
Q. Okay. 9:30. Actually 9:30, how do we go from 10:30 -- 10:40 to 9:30?
A. Probably because he got busy and they called him and he -- like I said, sometimes these people don't put LE's on the side, late entries. You'll see other people that actually log in, they got busy and so they

logged things in later.
Q. Okay.
A. So they fall in line later, you can see, and you can jump back to it.
Q. So not unusual to find some entries out of order?
A. No, because you will find that he will jog (sic) it down on a pad like we got.
Q. Yeah.
A. And write it down and then go ahead and do what he needs to do because he's busy ramping the unit back down, now his temperature and pressures are starting to give him headaches...
Q. Understood.
A. So what he did is he went and jotted it down. Later, when he got time, he went and corrected it.
Q. And what is he saying there that happened at 9:30?
A. It says DETM wants Unit 4 at HE 0300 minimum load at 55 megawatts.
Q. 54 megawatts?
A. 55 megawatts.
Q. What's that mean?
A. Okay. This means that DETM called us and told us that since 4 is off the line and is on economic

standby, that they want 4 tomorrow morning at 0300 and they want 55 megawatts on it.

Q. Okay. Does -- does that refer to what's happening with 4 at that time that this entry is made, 9:30?

A. Yes. It tells me that 4 is off the line sitting cold iron, no steam, no pressure. The turbine may or may not be hot, depending on if they ran it the day before. If it is not hot, it's a 10-hour start so they give us a day -- a heads-up as soon as they can so we can get that 10 hour -- light off 10 hours earlier. If it's stone cold -- because a turbine takes about three hours to get it going once we get up to it.

Q. Okay. So basically this entry is saying Unit 4 is to go off line now, but have it ready at -- for 3:00 a.m. the next morning at 55 megawatts?

A. Right.

Q. Okay.

CHAIRMAN DUNN: Yes, Senator Bowen.

SENATOR BOWEN: Well, I guess I don't understand why this is on this log since I have been led to understand this log is for Units 1 and 2 and that there is a different log for 3 and 4.

THE WITNESS: That's right, but DETM calls one of the control rooms, it can be 4. If they called 2, 1

and 2 -- number 1 control room told him, he will log into his log and turn around and call over to number 2 and tell them that it's -- what DETM said, he also calls the supervisor and tells the supervisor that DETM required it.

SENATOR BOWEN: Okay.

CHAIRMAN DUNN: Okay.

MR. OLKJER: And so you will see it double logged sometimes. DETM sometimes gets confused just like everybody else.

CHAIRMAN DUNN: Again, I'll make no comments.

Mr. Drivon.

EXAMINATION

BY MR. DRIVON: Q. Thank you. And all of this is happening about three and a half hours after a stage three alert is called, correct?

A. Yes.

Q. And we understand from this log that as of 9:30 in the morning, Unit 4 is off line, but planned to come back on line by 3:00 o'clock the following morning, correct?

A. That's correct.

Q. That means that during this stage three alert, Unit 4, or 230 megawatts were off line, is that what it

means?

A. That's what it means. It's got no fires in it.

EXAMINATION

BY CHAIRMAN DUNN: Q. Okay. Let's turn to the next page, Mr. Olkjer. I don't think we need to spend any time, unless there's something unusual to your attention in those first few entries. We go to 146 megawatts and then we have got pager problems again.

A. At 12:11 in the morning went back to the top.

Q. Yep, we're up to 146 now, right?

A. Right.

Q. Okay. And then the other four entries relate to the pager problem?

A. Either -- either the pager problem or the computer problems. They have two different systems there. I ain't sure. It looks to me something on the computer was down.

Q. Okay. I don't want us to spend a lot of time talking about --

A. So I don't fully understand that.

Q. Okay. Got it.

A. So I won't get into it.

Q. All right. Then we have sign off it appears by the shift two, would that be the supervisor?

A. No, that's the CO and the ACO.
Q. Okay. All right. That's not you at that point in time?
A. If you notice on the other sheet, there was only one person signing --
Q. Yes, sir.
A. -- because the ACO is taking care of all four units at that time and so he evidently is working on 3 and 4 at the time, or out at the tank farm, so sometimes the COs don't put his name in behind him.
Q. Yes.
A. Because you work -- on the graveyards we're pressed real thin for ACOs, so he's got four units plus a tank form to handle.
Q. Okay. All right. Let's to go to the third shift and let me just jump down to the bottom of page 3 and it says 02 slash Jimmy. I'm assuming that refers to you?
A. Yes.
Q. Okay. What is --
A. 02 is actually OZ, Ozzie, because that name was Oswald, but we always called him Ozzie.
Q. Oh, okay. That's referring to the other individual on shift at that point?
A. He's the CO.

Q. All right. And you -- and the Jimmy there is referring to you, the ACO?
A. Right.
Q. Okay. All right. From the beginning of shift three to the bottom of that page, are there any unusual entries to your -- to your mind?
It's nice to know that at the 2000 entry that Mr. McDonald has recovered. I couldn't resist.
A. Well, if you notice, since my CO is already logged in above me at 2000, so now I can put late entries all the way down here because I'm out doing all my equipment checks. It takes me two hours, three hours to do all my equipment checks.
Q. Okay.
A. When I come in, if he's logged in ahead of me, I will go ahead and log in. Everything I did and the status of all my equipment, but I will put late entries on it. That's what you are seeing here.
Q. All right. Okay.
A. So now we're at 2006, DETM wants Unit 1 to 145 megawatts.
Q. Are we at 2006 or 1600?
MR. PINGEL: 2006.
THE WITNESS: 2006.
CHAIRMAN DUNN: Q. There we go. There. We're

down there. I'm sorry, my mistake. I had lost -- okay. So you are at 2006 there near the bottom, "DETM wants Unit 1 at 145"?

A. Right.

Q. Is that your handwriting?

A. No, that's Ozzie's.

Q. All right.

A. Mine's all the other stuff over here. I print. I don't write.

Q. Understood. All right. And the very last entry on that page, "DETM want Unit 1 at 134," we're back down about 24 minutes later?

A. Right.

Q. All right. Okay. The next page, which I believe is the last page for January 16th. Again, we don't need to cover the top, we have already done that part of the page, but the entries start at 2347. You see where I am?

A. Yes.

Q. Okay. Just, again, if you would quietly walk through there and if there's any entries that you find to be unusual, which ones would they be?

A. Well, again, at 2347 there, Number 2's SCR is out of service. Closed ammonia flow and block valves.

Q. Okay.

A. Would not open for him, so they are still having problems with ammonia on 4 -- on 2.
Q. Actually, I think I misspoke, Mr. Olkjer. The fact that it starts at 2347 means we are now actually on the first shift addressing the 18th -- I mean the 17th, correct?
A. Yes.
Q. Okay. All right. So we've actually now spilled into what is considered to be the next day operations?
A. Yes.
Q. Okay. Understood. All right. Now, from looking at this, the only way to determine at what capacity the units are running on would be to go to the page before and look at what the last instructions were?
A. Well, that may not work neither.
Q. Okay.
A. Because, like I say, if someone don't log this stuff as it changes, because your last entry was at 8:00 o'clock at night.
Q. Yes.
A. 8:30, matter of fact. This is four hours later.
Q. Yep, yep, three and a half. Yep.
A. So a lot could happen in that four hours

because he's changing hourly a lot of times, so...
Q. Okay. But no entries were made?
A. No entries are made. Like I say, again, you got some people logs an entry like they are supposed to, other people don't do anything unless somebody gets on them for it.
Q. Okay.
A. And this person evidently is that type.
Q. And if that's true, if for some reason we wanted to zero in on that 8:00 p.m. to 2347, that time period, that there's no entries here.
A. Right.
Q. Okay. If we wanted to do that, about the only way to do that now would be to look to DETM for their written instructions and also any records they keep of calls they make --
A. That's correct.
Q. -- to the facility, the control room during that almost four-hour period?
A. That's correct.
Q. Okay. All right. Okay.
A. So after they get -- we're down to 30 megawatts right now.
Q. Okay.
A. Because the SCR blocked valves and stuff are

having problems, that means our boiler gas-out temperatures was down below 500 degrees, which will cause the ammonia skid to drop out on us.

Q. Okay. All right. Let's go to the entry for midnight, "No touch day per DETM stage two alert."

A. No touch day was -- refers to the maintenance and they declared a stage two alert at the same time.

Q. Okay.

A. So we would log it here, we'd hang up a sheet of paper that we have, has a mechanic on there with a line running through him saying no touch day.

Q. Okay.

A. And we call the supervisor and tell him it's a no touch day and a stage two alert.

Q. And what's the purpose of a no touch day?

A. No touch days is maintenance cannot work on any piece of equipment that will affect the load of those units.

Q. The day before was a stage three alert. It wasn't identified as a no touch day. Stage two is identified as a no touch day.

A. It depends --

Q. I don't understand.

A. Well, because if -- you may went on -- on the 14th -- well, this the 16th. Okay, the 15th, and they

might have called in like this one and said for the next 24 hours, no touch day.

Q. Okay.

A. And logged it on that one, see what I am saying?

Q. Understood.

A. We do not know if they logged it in as a 24-hour ahead of time notice, no touch day.

Q. And who issues the instructions of no touch day, is that DETM as well?

A. Yes, DETM notifies us. ISO probably notified DETM.

Q. Okay. Is that -- will the ISO issue such an order? I'm not familiar with it. They'll say that this is a no maintenance day?

A. Well, that's who orders that no touch day but, I mean, DETM sometimes just calls and tells us no touch or sometimes they call us and say that ISO said there is a no touch day.

Q. Understood. So it may come from ISO, it may come from DETM themselves?

A. And we take it as all from ISO anyway.

Q. Okay.

A. It's just DETM notifies us on it.

Q. Understood. Okay. All right. So we are no

touch day, it means that Mr. Johnson and Mr. Edwards can't be out there what they're supposed to be doing, basically?

A. Well, they can't operate on any like boiler feed pumps or any major piece of equipment that will affect the system, any auxiliary systems we can take out, isolate so they can work on it, it's all right.

Q. Okay. Understood. Okay. All right. Keep walking us through there on the -- we're on the 17th.

A. Okay. Like I was telling you, our CEMS, continue emission monitoring system, just on -- I don't know what unit it is -- must have took a -- went down on us because we are calling out Nickett & Schaffer for load suction vacuum pump.

Q. Okay.

A. And so Shaffer called -- called in that she will report and fix the problem for us.

Q. Okay.

A. Because it's continuous monitoring, it's critical, we got to call them out immediately and if they are not done within an hour, we got to call in a breakdown on it.

Q. Okay.

A. Even if they get out and do it.

Q. Okay. I'm assuming that 21 -- at 0021 it says,

"Per DETM, Sherry slash George," I think that is, that must have been a phone-in instruction, correct?

A. 21 after midnight?

Q. Yes.

A. "Unit 2 to 92 megawatts per DETM. Sherry and George." See now this guy logs in who called him.

Q. So that means it was a phone call?

A. Well, it means that Sherry called him and she's probably breaking in George as a transition scheduler.

Q. Okay. Okay. Understood. Understood. Let me take one minute here, Mr. Olkjer. We're going longer than I expected and we want to bring you to an end here. I know you are doing great, the question is the court reporters probably need a five-minute break since we have been at it for about -- a little over two -- almost two hours.

You want to take five minutes? They do. We're going to take five minutes, everybody. It's only going to be five minutes so we can wrap up and get everybody on their way.

(2:42 p.m. - 2:55 p.m.)

CHAIRMAN DUNN: Q. Okay. Mr. Olkjer, you ready?

A. Yes.
Q. I don't obviously want to spend all the rest of the afternoon going through entry by entry because I think many of them we can now understand and read ourselves since you have walked us through a little over a day with respect to entries, but I am currently on page 0004 which I think Donna still has up there. She does.

I just want you to zero in, if you would, privately read to yourself, go down the line here and find ones that you find of particular note and -- and let's skip the normal ones. And if there's any of any note to you, let's talk about them. If not, we can move on, since I think everybody can read it now themselves and figure out where Unit 1 and Unit 2 is.

Is there anything of note to you, Mr. Olkjer?

A. Okay. 044, about three-quarters of the way down the page.
Q. Yes, sir.
A. It says ISO declared a stage three alert. That means --
Q. 0144?
A. Yes.
Q. Yes, sir.
A. That means DETM called it in to us, but here

again, we're going to stage three alert.
Q. Okay.
A. On another day, another --
Q. And, in fact, actually, I do want to go back up, if I may, to 0021, Unit 1 is -- excuse me. Unit 2 is at 92. At 0031, ten minutes later, 02 is to schedule 30 per Sherry. We've gone way back down.
A. It's down. 30, that's as far as down we can go on these that night.
Q. Yet about an hour later, you're advised of a stage three alert, right?
A. Right.
Q. Okay.
A. And 2 now is going back up to 92 megawatts.
Q. Okay. I'm the layperson looking in, Mr. Olkjer. My understanding is we go from two, stage two alert to stage three because we are -- that's more severe. Stage three is more severe than stage two?
A. That's the way I understand it, at least my numbers are that way.
Q. We may go to stage three because ISO has determined that our supply is more critical, short than we had figured when we were in stage two, right?
A. Correct, but if you notice at stage two, we went down to 30 megawatts.

Q. That's my point.
A. Now we are back up.
Q. Just before we go to stage three alert --
A. Just after.
Q. Well, actually, just before we go to stage three alert, Unit 2 drops from 92 to 30?
A. Yes, sir.
Q. Okay. All right. Which is information that ISO immediately has access to; is that correct?
A. That's correct.
Q. Because what's on your screen is on their screen?
A. That's correct.
Q. All right. Okay. Got it. Now, so you were at 0144, ISO declared stage three alert. Again, not necessarily that we need to zero in on all of the entries.

Any more that are of particular note to you for the rest of that page?
A. It goes on -- then they go all the way up to the top which is 149 megawatts.
Q. You're at 0444?
A. Right.
Q. All right.
A. Then zero five o'clock 1's off AGC.

Q. What's that mean?
A. Going to 64 megawatts.
Q. What's off AGC mean?
A. Automatic governor control.
Q. Okay. Meaning you've gone to manual?
A. That means DETM has no more control. We got it. So we don't know where it was when DETM has it. We don't log it. So once we come off, we're at -- we come off AGC, wherever it was, and go to 64 megawatts.
Q. Okay. What does that mean, DETM will match HE 6, 7?
A. DETM will match our ending 6 and 7, see. That means that we're probably down at 30 megawatts and DETM, since now DETM called us to ramp it up. Like I said, they will fine us if we're off a megawatt. So this is telling us that DETM says whatever it takes to get to whatever megawatts, 64 megawatts, we'll match your hours. We'll match the megawatts for that hour each time so you won't be fined.
Q. Okay.
A. See now, they tell you that they don't fine us, but turn around right here -- they will tell you right here they'll match our hours so they won't fine us. You know what I'm saying?
Q. Okay. All right. So towards the end of this

page here we got Number 1 going up to 124 per DETM, George. And at 6:12, bottom of the page, what does -- what's that first word on that entry?

A. Renew -- returns.

Q. Okay. Return Number 2 to schedule 30 per DETM, Mike.

A. So now we're going back down. We're in stage three yet.

Q. Okay. This is about five hours, a little less than five hours after stage three is declared, correct?

A. That's correct.

CHAIRMAN DUNN: Okay. Yes, Mr. Drivon?

EXAMINATION

BY MR. DRIVON: Q. Sir, without going to the last page, let me tell you that at 2006 the day before, DETM wanted Unit 1 at 145. That's the second line from the bottom. There's nothing else on that page and then from the top of the page that we're looking on 0004, there's nothing that looks to me like anything else with respect to Unit Number 1 until it goes on AGC at midnight. You see that?

A. Yes.

Q. Okay. Nothing indicating that we're any different than topped out on Unit Number 1 up through

then, correct?
A. Correct.
Q. And then there's nothing to indicate that Number 1 was changed at all, so it hasn't been touched since eight o'clock the night before, still running at max, all the way through until 5:00 o'clock in the morning?
A. No, that's wrong. Look at 00 -- midnight on 004, page 004 at midnight, Unit 1 went to AGC, automatic governor control. That means DETM runs it. I mean, ISO runs it. We don't so we don't log in changes.
Q. Okay. All right.
A. Once they got control of it, it's out of our hands. We don't have to match megawatts. We don't have to worry about it. They don't log anything.
Q. Okay.
A. Until they come off and they come off down here at 0510.
Q. Okay.
A. So wherever ISO wanted that unit to go, they went with it or else they were violating NOX getting it to where ISO wanted it and then they will come off and the log that they come off and went to manual because when they get the boiler squared away and everything settled out, then they will go back on and give DETM or

ISO it back.

Q. But we know at 5:00 o'clock in the morning the AGC was off and so you had control again, correct?

A. Correct.

Q. And at that point Number 1 went to 64 megawatts, correct?

A. Correct.

Q. And at that point, Number 2 had been cycled from 92 to 149 so it's running at the top, correct?

A. Okay. You will see that that's what -- okay. At 05:00 o'clock in the morning it says one off AGC going to 64 megawatts. Then DETM -- DETM will match hours in 6 and 7 and that's for 124 megawatts. That's to get to 124 megawatts. They told them they wanted to go to 124 megawatts. So after they took that phone call, that's probably 10 minutes after the hour, he started -- figured out his ramp rate because you can only ramp at four megawatts a minute.

So you divide four into a hundred megawatts because he's at 30. So you figured 30 from or 64 from 124, that's half of it right there. He has got 64 megawatts. He's got to ramp four megawatts a minute. You figure that into it and tells you how many minutes it takes you to get there.

Q. The point, I guess, is at 6:12 in the morning

with a stage three alert you have got Unit 2 at 30 megawatts, that's a unit that will do 150, correct?

A. Correct.

MR. EDWARDS: Yes.

MR. DRIVON: Q. And you have got Unit 4 we learned is -- is apparently still off line?

A. No. It should be -- should have went on at 3:00 o'clock this morning.

Q. Got it. Thank you.

A. Remember, the last -- yesterday's log said at 0300 they wanted 55 megawatts on it.

Q. We don't know from this where it is?

A. No, because that's Unit 2's control room.

MR. DRIVON: Thank you.

SENATOR MORROW: Mr. Chair, can I follow up on Mr. Drivon's questions in the same area?

CHAIRPERSON DUNN: You may.

EXAMINATION

BY SENATOR MORROW: Q. I just want to make sure I understand this, Mr. Olkjer.

Looking on page 4 here at the midnight entry where it says Number 1 on AGC as scheduled. At that point Unit Number 1 is under total control of the ISO?

A. No. As scheduled. It doesn't go on AGC until

midnight. If you go down there about six lines down, seven lines down, it goes 000, says Number 1 unit AGC as scheduled.

Q. Right. It says 000 Number 1 on AGC as scheduled. Okay?

A. Okay. It's off AGC. It's off -- it's sitting on --

Q. Okay. Tell me exactly what this entry means at 000, Number 1 on AGC as scheduled.

The witness know where I'm at?

CHAIRMAN DUNN: She's got the blue arrow.

SENATOR MORROW: Right.

MR. PINGEL: I think he's looking to try to get himself to understand what the context is.

SENATOR MORROW: Q. Okay. Take your time.

A. I'm trying to figure out if we are actually on AGC still or they actually went on AGC at that time.

Q. Well, I mean, when it says on AGC, does that mean that ISO supposedly takes over?

A. Yes.

Q. It's not under control by you down there, correct?

A. No. That means ISO is controlling it, automatic governor control.

Q. Automatic governor's control. Now I want to

make sure I understand what automatic governor's control means. Does that mean that the ISO from -- for Sacramento, wherever, Folsom, wherever the heck they are located --

A. Folsom right out here.

Q. They physically control the megawattage of this plant?

A. Yes.

Q. They can do that?

A. Yes.

Q. Okay. So they've got it and assuming that that means okay, now, they got the con --

A. Yes.

Q. -- at midnight here. The next entry with respect to Number 1, at least that I can see is at 0500 where it goes off AGC and you are going to go to 64 megawatts.

A. That's right, sir.

Q. Okay. In between midnight and 500, I mean, do you know or how do we know what the megawatts were for Unit Number 1? Do you keep a record of that or ISO or what?

A. Both.

Q. Okay. Is that reflected in here?

A. No. We got a megawatt chart for every unit,

even the GT.

Q. Okay.

A. And it shows us every second what that megawatt is doing, is it going up, is it going down and then on top of that, we got another one that tells us the total megawatts we're putting out in that plant for that day at that time. So there's one for every unit plus one for the plant itself, all five units.

Q. But that's apparently in a different log, it's nowhere reflected in here?

A. No, it's on a -- on a zigzag chart.

Do you know what a zigzag chart is?

Q. No.

A. It's like toilet paper, but it zigzags down like when you pull out to wipe your hands or something, you know, those pieces of paper. Well, these are charts that actually zigzag and folds back down.

Q. Oh, now I know. I gotcha. I gotcha. Okay.

MR. EDWARDS: Best analogy what you guys would see as a seismograph.

SENATOR MORROW: I got it. Okay.

MR. PINGEL: It's like court reporting paper.

SENATOR MORROW: Q. But when you are off AGC and you got the con, you record in your entries in this whether the megawatts go up and down?

A. Yes, per schedule or whatever they tell us to do.
Q. Okay. So, for instance, in looking at this, if at 500 where you go off AGC and you are supposed to go up to -- or go to 64 megawatts --
A. 124. Oh, wait, 64, okay, you are right.
Q. Okay. 64 megawatts. I'm looking down here and I can't find where Unit Number 1 was. The last entry was at 2030 of the day before at 134 megawatts. But that's where per DETM you went up to 134 units. So somewhere between then and 500 you went below 64 megawatts, but that was totally under the ISO. That's not reflected.
A. Well, at 00 hours that night we went on AGC.
Q. Right.
A. So the megawatt -- see, so from midnight to 5:00 o'clock in the morning was on AGC so we didn't log anything on that Unit 1. But prior to that was 2000 to -- at 2000 we was 134 or 2030. And again, we got a sloppy operator or CO that didn't log everything he should have.
Q. Okay. No sweat. I think I understand it now. Okay. Thank you.
A. It's confusing sometimes.
SENATOR MORROW: I got it at least for a

minute.

CHAIRMAN DUNN: Sometimes may be an understatement there, Mr. Olkjer. Okay.

EXAMINATION

BY MR. DRIVON: Q. You can't -- when Number 1 goes off AGC at 5:00 in the morning and it says going to 64, do you know whether it was going up to 64 or down to 64? Can you tell which way it was moving?

A. No, not unless you look at the megawatt chart.

Q. Okay. So we don't know whether the ISO had it at more than 64 or less, just don't know?

A. All that really is telling me is the operator is putting it on the schedule. Take it off AGC and he's going to run it to where his schedule told him to have it at that time.

SENATOR MORROW: And that megawatt chart, is that something the company would keep again for the three years, perhaps 10 years, fall in the same category?

MR. OLKJER: Yes.

SENATOR MORROW: Okay. Thank you.

EXAMINATION

BY CHAIRMAN DUNN: Q. All right. Mr. Olkjer,

let's go to page 5, the very next page. Again I think most of this now we understand simply by reading it, Mr. Olkjer, as far as how Unit 1 went up, down, what AGC, how it relates and so forth. And, again, my generic question to you, any entries on page 5 that you believe are of particular note? Make sure we're on the right page. It's on the one that begins --

A. 0645 right at the very top it says Mike at DETM said Number 2 to --

Q. I'm having a hard time reading it, too. Something to the top?

A. Right.

Q. Number 2 to --

A. I'll say ramped to the top. But they sent it back up to 150 megawatts.

Q. All right. Okay. Other entries of note there on this page?

A. Okay. At 0715 they got the instrument tech working on Number 1 CEM. Just for your information, that means the continuous emission monitoring system was taken out of service so he could work on it.

CHAIRMAN DUNN: Okay. Yes, Senator Bowen.

SENATOR BOWEN: If we go down about two-thirds, maybe three-quarters of the way down the page at 1200, there's an entry that says holding loads 'till DETM

call. What -- what does that mean?

MR. OLKJER: Per Mike, okay. That means that DETM called us and told us to stop the load right where it was until they got back with us. So they logged in that they was supposed to stop -- whatever load they were at, they were supposed to hold it there. They don't say what load he was holding.

SENATOR BOWEN: All right. The rest of this page just pretty much shows some significant up and down movements, particularly a lot of movements in Unit 1 between 1220 and 1345.

(Witness conferring with Mr. Pingel)

MR. OLKJER: Okay. Could be oil or gas he said. My lawyer here told me -- see, in the regular remarks here if you read it it says -- it tells me I'm on the line, what the unit is doing like it's on gas. That's because we can either be on natural gas or black oil so we have to log what kind of fuel we're on at all times.

CHAIRMAN DUNN: Okay.

A. And so a lot of times you will be reading through here and seeing things like Unit 2, I was on line, gas fuel, off AGC. So that's just telling you that we're burning natural gas. We're not burning black oil. That's all it's telling you.

Q. All right.
A. Just for your guys' information when you read through some of these things.
Q. Okay. Let me go to 11:00 o'clock.
A. Okay.
Q. What's that entry?
A. Okay. Duke's computer just went and took a dump and they can't get it back so now what they're doing, they are going back and restarting, boot starting it from the back -- back in the actual computer itself, they got to push it off and push it back on because it locked itself up. That's what that's telling you.
Q. All right. And again other than the observation by Senator Bowen that we have ramping up and ramping down going throughout these entries, anything else of particular note on that page?
A. At 1212 it says conferred with gas department South Bay Power Plant on standby for curtailment again.
Q. This is what we talked about before?
A. Right.
Q. This is another incident of that situation?
A. Right. They called us again that day and told us to make sure your boiler -- your oil guns are ready because you might get cut on gas.
Q. Understood. All right. Let's turn to page 6.

A. But if you look at the bottom, you see where the megawatts ran all over the place after stage three alert again.
Q. Yes, which is exactly what Senator Bowen observed was basically what we are seeing is up and down here and we are in a stage three alert according to the entries, correct?
A. Correct.
Q. All right. Let's go to page 6, which I believe is the final entries for the 17th.
A. Correct.
Q. All right. And, again, sorry for continuing to repeat the same generic question, Mr. Olkjer. Any entries on this page of particular note?
A. Yes. At 1450 there it says -- I can't quite read that word, but it says GT-1 start required. Had fuel level alarm and combustion vapor alarm in. That means they tried to start the GT and the GT wouldn't come on line because it had a vapor alarm in saying it had explosive fuels inside the cab in and around. It was like being underneath your hood so your car engine says it can't start because it will blow up. It will take us right back off and I have to call in somebody to fix this thing for us. This is telling me that Duke wanted the GT on that day.

Q. Okay. Anything else on that page?
A. Well, at 1456 they attempted again after they got the other alarm set and now the steam trap took them back out again so they still want that GT. They wasn't going to take no for an answer. And then we will go to the new shift.

CHAIRMAN DUNN: All right.

MR. DRIVON: Can I ask a question about that?

CHAIRMAN DUNN: You may.

EXAMINATION

BY MR. DRIVON: Q. If I'm looking at these things correctly, for instance, we're talking about 1405, it would be 2:05 in the afternoon of a day when we have a stage three emergency, correct?
A. 2:05 in the morning, yes.
Q. No. 1405 would be 2:05 in the afternoon?

MR. EDWARDS: Right.

MR. OLKJER: Yes. 1405 would be two o'clock in the afternoon, 2:05 p.m.

MR. DRIVON: Q. And at that point we've got Unit 1 at 147 meg, correct?

MR. EDWARDS: 135.

MR. DRIVON: 1444 we have Unit 1 at 147 meg,
A. Okay.

Q. And we have Unit 2 -- we don't know exactly where Unit 2 is, but I think the last is unit -- at 1112 in the morning, Unit 2 to 118 on page 5 and then at 1206 to 150 net for Unit 2 so we have got -- apparently we have got Unit 1 and 2 running at basically at the top and they call for the gas -- gas-fired turbine, correct?
A. Correct.
Q. Then at 4:12 in the afternoon when we have a stage three alert, see 1612?
A. On which page?
CHAIRMAN DUNN: Page 6.
MR. DRIVON: Page 6.
CHAIRMAN DUNN: Time entry is 1612.
THE WITNESS: Okay. I see it.
MR. DRIVON: Q. What happened to Unit 1 at 4:12 in the afternoon when there was a stage three alert?
A. They dropped it down to 85 megawatts per DETM.
MR. DRIVON: Thank you.

EXAMINATION

BY CHAIRMAN DUNN: Q. Okay. And at 2100 hours Unit 1 goes on AGC?
A. That's correct.
Q. Okay. 2100 hours would be nine o'clock?

A. Yes, but if you notice at 1912, the South Bay GT-1 off the line so they took the GT off. They finally got it on.

Q. Okay. All right.

A. Actually, at 1830 South Bay GT-1 would not ignite. At 1847 it appeared okay and started it up.

CHAIRMAN DUNN: Okay.

MR. DRIVON: Okay. So does --

MR. OLKJER: They did get it on then.

MR. DRIVON: So does that mean they get the gas fired -- 15 or 18 megawatt unit fired at 6:30, 7:00 o'clock at night and they are still running Unit Number 1 at 85?

MR. OLKJER: Yes.

MR. DRIVON: Thank you.

CHAIRMAN DUNN: Q. Okay. Mr. Olkjer, let's go to page 7 and, again, I want to just zero in on entries you consider of particular note because as we talked about, we understand the AGC and we can see ourselves where we go up and down, but any of the entries beginning at 2300 hours on page 7 of particular note to you?

A. 2313 they're just running the units to different settings per DETM.

Q. Say that again.

A. At 2313 they just run both units to different settings per DETM. At 2327 they went to minimum load with both units so they were still running it down.

Q. Okay. Minimum load is 30?

A. But if you notice at 2356, GT went on line.

Q. And why would that be?

A. DETM ordered it.

Q. Okay. But under your understanding based upon your experience, that would be unusual for that one to come on line at that point?

A. Yeah, you got 1 and 2 units sitting on 30.

Q. In other words, just as Mr. Edwards I believe testified, you would expect that that unit wouldn't come on line unless all four of the other units are operating at their capacity?

A. Well, let's put it this way. That unit ever since I've ever known it was emergency starting unit for black starts only. A black start is when the power plant is dead in the water, you got no power coming in from outside sources and you got to get that unit lit off, then you light that GT off, bootstrap that power over to the turbines and give -- so you can give your power plant power so it can start its auxillary equipment and bring it -- the boilers back on line. Once the boilers are on line, we go ahead and take the

GT back off. And that was originally what the purpose of that GT sitting there was.

Q. Okay.

A. We're not using it no more for that. We're using it for whenever we want to.

CHAIRMAN DUNN: Okay. Mr. Drivon, did you have some follow-up?

EXAMINATION

BY MR. DRIVON: Q. This is the same GT unit that they have been having trouble running all night, right?

A. Yes.

Q. And so they got a unit, a gas turbine that runs on jet fuel that they have been having trouble running all night long and now they are going to put it back on line when they've got two steam generators running at minimum spin, right?

A. Yes.

EXAMINATION

BY CHAIRMAN DUNN: Q. Other entries of note there on that page.

A. Okay. At midnight it says Unit 1 went on AGC. So now emissions -- ISO has got control of it. Where it

goes, we don't know.

Q. Okay.

A. And we got Unit 2 now starting back up to 80 megawatts.

Q. Understood. And I note at 2:20 in the morning.

A. At 003 GT steam skid in service. That means it went from 8 megawatts to 16 megawatts because they can only go 8 megawatts without steam assist because of NOX violations.

Q. Okay.

A. So when they said that the steam skids went in, that means they could go ahead and ramp it on up to 16 megawatts.

Q. Okay. Now I notice in the next few entries again where Unit 2 is going to 84 per DETM, then going to full load per DETM, Unit 2 down to 83 per DETM. And then at 220 DETM called and reported a stage three emergency.

A. Right. Also at 0123 started 1B fuel pump. That means that's black oil. They just started the black oil pump. They have one on and evidently they started another black oil pump for some reason.

Q. Okay. All right.

A. That's out in the tank farm by the way. That's probably 200, 300 yards from the plant.

Q. All right. Okay. Going to the next page, page 8.

A. Well, at 0450 you can see Unit 4 is on line now. They finally lit it off and got it up.

Q. Okay.

A. That means it's at 50 megawatts.

Q. I'm sorry, I missed that one. Yes, you are right. Okay.

A. Okay. If you look at 0524, Unit 2 boiler to dual fuel. Now we are changing fuel oil. We're going to black oil. Cut us our gas evidently somewhere along the line. That's what I was telling you.

Q. Before.

A. Dual fuel means now we're -- at this point now we got gas and oil both going into the boiler at the same time.

Q. Okay.

A. You got to be at a 100 megawatts to do this. It's the easiest place for us to fuel change is around 100 megawatts.

Q. Okay. All right. Let's go to the next page, page 8.

A. At 0537 we're at oil. We back gas out. Now we're on just strictly black oil.

Q. Okay.

A. So they cut us our gas all together on that unit.
Q. Understand, Mr. Olkjer. Understood.
A. Okay. Now we got two on all fuel. Now we just went -- one went to fuel -- dual fuel. Number 2 alpha fuel pump in service. Now we put another fuel pump in service. Now we got three of them running because we need three black oil pumps to run -- to put enough pressure on those boiler fronts to burn the oil.
And then you see at 0732 1's on all oil now. We are fully on black oil. They just cut us on all gas on Unit 1 and 2. I don't know what 3 and 4 is doing at this time.
Q. All right. Again, let's zero in on just ones that you think are of particular importance here.
A. Okay. At 0931 GT is giving them problems. The gas generator chip detecter alarm just come in on them. That means that there's metal chips in the oil that's detected.
Q. Okay.
A. Okay. At 1210 we just ramped 2 up to 145 megawatts on oil.
Q. Yes.
A. And on this, the GT is on line at this time, too. GT-1 is on at 14 megawatts.

Q. Okay.

A. That was on the 1015 when they had that oil chip alarm, they put the GT on line and they left it on line with that problem.

Q. Okay. We're almost to the end here.

A. Unit 2 went to max, 150 megawatts per DETM and Unit 2 now back down. That's at 1305. At 1327, half an hour later, roughly, they went down to 145 megawatts per DETM and then we got another shift change coming in here.

Q. Okay.

A. Okay. At 1601 GT tripped off the line. Alarms as follows: 86G relay, combustion vapor and steam injection. All three alarms went in.

Q. Okay.

A. 86G is their power breaker. It opened up on them for some reason.

Then at 1642, if I ain't wrong, this happened -- what happened on this in this case, because I was there, is that the generator field went to ground and it shorted out so they took this unit off forever. They had to go out and send a whole unit out to be repaired. This one when it went down, we couldn't get it back because it shorted out, the windings did in the generator field.

CHAIRMAN DUNN: Say that again, Mr. Edwards.

MR. EDWARDS: Just noting to Jimmy it says on the next line that GT is finally back on line.

CHAIRMAN DUNN: Yes. Yep. Right there. Okay. All right.

MR. EDWARDS: Right under 1642.

CHAIRMAN DUNN: Yeah.

MR. OLKJER: No, but 1658, combustible vapor alarms are back in. They put it on a couple times, but they had to take it right back off because the field kept -- 86G kept dropping them out.

CHAIRMAN DUNN: Q. Okay. Can you make heads or tails on that last entry on that page?

Oh, I can, but that's all right.

Q. Not of any particular note given our discussion?

A. That was my writing.

Q. Okay.

A. No, that was a routine equipment check.

Q. Great. All right. We're on the last page, Mr. Olkjer. Again, the same question, anything of particular note?

A. Well, at 1720 you will see that we started blowing soot on Unit 1. When we are on black oil, every night we got to blow soot. And that's -- we take hot

steam and blow it across the generating tubes to get the oil film off the tubes. It's called soot. You know, just like in the chimneys or in your car. This will wash that off so the tubes have a -- can absorb that heat ratio change into the water. One-eighth of an inch of soot will overheat those tubes and cause them to rupture in no time.

Q. Okay. And I see at 2210 DETM notified us that we'll be in a stage three alert until 2359 tomorrow night.

A. Right. You see at 1804 again they had GT tripping back out on them on the 86G.

Q. Okay. And anything further of note on that last page?

A. No.

Q. All right. Mr. Olkjer, thank you for walking us through that. I know that was probably pretty tedious, but it helped certainly in our education of what goes on on a several-day basis.

Basically, I think as Senator Bowen indicated earlier -- ready?

A. Yes.

Q. As Senator Bowen indicated earlier, certainly we see in these entries a lot of ramping up and ramping down at various times. I just have one last question

and I'll turn it to my colleagues at this point.

Is this sort of ramping up and ramping down something you saw prior to deregulation?

A. No.

CHAIRMAN DUNN: All right. Senator Bowen, Senator Morrow, any more questions?

SENATOR BOWEN: No.

EXAMINATION

BY SENATOR MORROW: Q. Thank you, Mr. Chairman. Mr. Olkjer, a couple questions.

Earlier I wrote down you made a statement. I don't know if I got it in context here. We take it as all from the ISO DETM notifies us. I don't know if you remember making that.

When you received word from DETM which is reflected in this -- this log, you get the word from DETM, who's making that decision? Is somebody in DETM or are they merely relaying information from the ISO, if you know?

A. We don't know. We assume if they said -- DETM calls us and tells us do something, and like going on AGC or something, the ISO required us to go on there. We don't know.

Q. But if you get a call from DETM that says to

with Unit 1 ramp it up 10 megawatts to 134, or whatever it is, are you assuming that order really comes from the ISO?

A. We got to assume that because they want the megawatts. We don't know where it's going or vice versa.

Q. Okay.

A. See, they're our market and trading system. They're the ones that are wheeling and dealing with ISO on how much money -- how much megawatts they're putting out. We have no idea what they're doing out there when they're wheeling and dealing.

Q. Okay. But your assumption is when you get a direction from DETM, that that's directed from the ISO?

A. Yes.

Q. Then not -- then I'm really confused. I mean, when you go on AGC, which case you have direct control by the ISO and they can control it from here in Folsom. When they go off AGC and you have control, why would the ISO then tell DETM to tell you what to do? I don't understand.

A. Well, we went off AGC, we're on manual. We're controlling it.

Q. Okay.

A. Then -- then when ISO wants it, they tell DETM

because that's the only way -- they can't talk to us directly.

Q. I guess my question then is, again, if you know, without speculating, why would the ISO when they're on AGC, why would they give control to you?

A. Because, see, AGC is fine controlling; in other words, it's one that's going to take the swings for all the other units.

In other words, let's say that we got -- let me think for a second how to explain that to you.

Okay. We got four race cars running down the track at the same time.

Q. Okay.

A. But in order to take the fine tune they have one car automatically controls so it takes the resistance from the rest of them.

Q. Okay.

A. And that's the one on AGC will take all the fine swings, real fine minor swings while the other ones take the major swings.

Q. So you're the fine tuners?

A. Right. We're talking all the vars, the resistance in the line and eating them. That's what vars are. It's like beer, foam on a beer.

Q. Okay.

A. It's just a leftover product that we can't do nothing with but send it to ground.

CHAIRMAN DUNN: Senator Morrow, could I -- oh, I'm sorry, Mr. Olkjer.

MR. OLKJER: And so we are sending it to ground through the generator.

SENATOR MORROW: Okay. I understand.

EXAMINATION

BY CHAIRMAN DUNN: So I just insert a follow-up question, the same line.

Just trying to understand the same thing that Senator Morrow was trying to understand. And I hear what you are saying the fine, and the decisions may be made under AGC and the more -- the larger ones as you are saying may not go under AGC, may just go direct to DETM and DETM may call you.

A. Right.

Q. Because it's an automatic control mechanism and some of these calls from DETM may be five minutes apart, seems to be pretty fine control, why wouldn't if it came from ISO, ISO simply activate the AGC to make those changes?

A. I don't know.

Q. I understand. Okay. And we're not asking you

to speculate. We're actually here trying to understand as well, too, that you believe that these decisions probably came from ISO, but then they may not have come from ISO?

A. Right. We questioned them on that.

Q. And what answer?

A. And they told us if -- if they tell you to do something, do it, don't question them.

Q. The "they" you're referring to is DETM?

A. My supervisor. And the plant manager chews him out if -- because DETM calls them and tells them that we're giving them a hard time or questioning all their moves, they -- then the plant manager tells the senior supervising officer who tells our supervisors to get on us and tell us to get our act together and just do what they tell us. We're not there to question what they're doing.

CHAIRMAN DUNN: Understood. Senator Morrow, my apologies.

EXAMINATION

BY SENATOR MORROW: Not necessary.

Q. Mr. Olkjer, going to the jet fuel turbine, the start-up turbine, I guess it is. I read earlier, I think, during Mr. Edwards' testimony that I received

information at least from one of the companies, Duke, their position apparently is that at least during that period of time that jet fuel was cheaper than natural gas, draw the conclusion then they were operating that particular jet fuel generator at full capacity when, therefore, when the natural gas turbines were not at full capacity.

Do you know if there's some plausability to that? Do you have any idea what the jet fuel prices were at that time?

A. Oh, okay. Let's put it this way. You got a Cadillac and you got a Honda. Okay. The boilers are your Honda and your jet -- and your GT is your Cadillac. I don't care how much you drive that Cadillac, it's going to use a lot more gas than that Honda is. If you got a boiler already up and rolling at 30 megawatts, it isn't -- it isn't going to burn up as much gas as that Cadillac out there is doing. That GT burns a foot an hour which is somewhere around, what --

MR. JOHNSON: 1740 gallons an hour so approximately --

SENATOR MORROW: Q. So you are saying the jet fuel burns it quicker; is that what I'm hearing?

A. Right. I don't care how cheap it is.

Q. It may be cheaper, but you are burning it

faster and therefore it's more expensive?
A. Right, plus you got -- you are trucking this in so they pay a trucking fee.
Q. I got it.
A. And the hazard is on the road fee.
CHAIRMAN DUNN: Yes, sir. Go ahead, Mr. Johnson.
MR. JOHNSON: GTs are like portable generators when you go camping. They are made for intermittent use, at least ours was as Jimmy and we have all said. That was made specifically to supply power to the power plant in an emergency and under a black start condition.
Now that we're -- every megawatt is dollars, dollars and cents, we're no longer a family. We're a business. We're making money. They're going to run that GT. They have run that GT into the ground. It was totally dismantled. In 25 years, I have never seen a GT -- that particular GT pulled down to parade rest which means down to the concrete slab and that thing was sent to six different states to be repaired.
SENATOR MORROW: Q. Apparently their running it to the ground wasn't because -- at least in your view and observation -- wasn't because it was cheaper to run; is that correct?
A. That's correct.

SENATOR MORROW: Mr. Edwards, you want to comment?

MR. EDWARDS: Yeah, I guess, in my opinion to somewhat try and clarify it, the gas turbine, as Jimmy gave you the analogy, it's not like the newer design gas turbines where they're called combined cycle where you take the waste heat from the gas turbine and you utilize that waste heat to continue to produce electrical energy.

This is a very, very inefficient unit and I guess the question is to pose to Duke or to powers to be is what advantage is it to run that gas turbine. Somehow it's utilized to manipulate the market, somehow. That's my opinion.

SENATOR MORROW: Okay.

MR. EDWARDS: But there is no substantiation for running it and as they explained, its inherent design or it was originally put there for a black start and as I have mentioned earlier when SDG&E utilized it was when all the units were at maximum capacity and then they used it to peak. Leave it at that.

SENATOR MORROW: Q. I gotcha. One last question here. And I forget who -- it may have been all three of you commented sometime that apparently these units, Units 1 through 4 were not running to full

capacity at times when perhaps they should have.

Then we got into the issue as somebody mentioned NOX. Is it a possibility that any of those times that they were not running at full capacity because they had reached their NOX limitations and, therefore, had to bear down before exceeding that?

A. No. If there was that, they'd log in that they meeted the NOX because they'd violate and then they'd have to call it in.

Q. I'm sorry, will you repeat that, Mr. Olkjer.

A. No, because if they met their NOX limit, then all we'd do is back it out a little bit and you still can run the GT all the way top. I mean, the generator can still go up to 150 megawatts, 140 without ever meeting their limits.

Q. Okay.

A. Only thing I can see is the GT is $250 just to start the thing up. They can charge that plus whatever the megawatt was out there for every hour. And they could keep these others sitting at 30 megawatts or down and you could rake in money that way.

SENATOR MORROW: Okay. Thank you very much.

CHAIRMAN DUNN: Mr. Drivon.

EXAMINATION

BY MR. DRIVON: Q. Yes. Do I understand you to say that this 18 megawatt GT unit burned 1,740 gallons of jet five an hour?

MR. JOHNSON: Yes, sir.

MR. DRIVON: Q. That would be just pretty close to a hundred gallons of jet five fuel to make how many megawatts of electricity?

A. 16.

MR. JOHNSON: That's correct.

MR. DRIVON: Q. 16 megawatts costs 1700 gallons, right?

A. Yes, per hour.

Q. That's about a hundred gallons to make -- of fuel to make one megawatt?

A. Well, that's per hour, though, see. So you take how many megawatts you make in that hour, 16 times --

Q. I understand, but we're talking --

A. -- 60, that gives you that hour.

Q. But we're talking about megawatt hours here, right?

MR. EDWARDS: Right.

MR. OLKJER: Right.

MR. DRIVON: Thank you.

CHAIRMAN DUNN: Okay. I don't have any further

follow-up questions.

Mr. Olkjer, Mr. Johnson, Mr. Edwards, my thanks on behalf of myself and the entire committee for taking time out of your days to come here and testify. We greatly appreciate it.

Our hope is that should we need any follow-up, that we can contact you either directly or through your counsel, which we'll certainly respect, but we truly appreciate your testimony today.

Unfortunately, you just learned a lesson about yours truly. I always promise things will only last about two hours. We are now close to 4:00. I'm maintaining consistency in my inability to predict the length of our hearings.

Again, thank you very much. We are through today.

As I mentioned at the outset, our next hearing will in all likelihood be the week after the 4th of July.

And we are adjourned.

(Proceedings adjourned at 3:45 p.m.)

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STATE OF CALIFORNIA,)

) ss.

COUNTY OF SAN JOAQUIN.)

I, Dennis G. Peyton, Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing transcript of the Senate Select Committee hearing was reported verbatim in shorhand by me, Dennis G. Peyton, and therafter transcribed by computer-aided transcription.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have herunto set my hand this_____ day of _____, 2001.

_____

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